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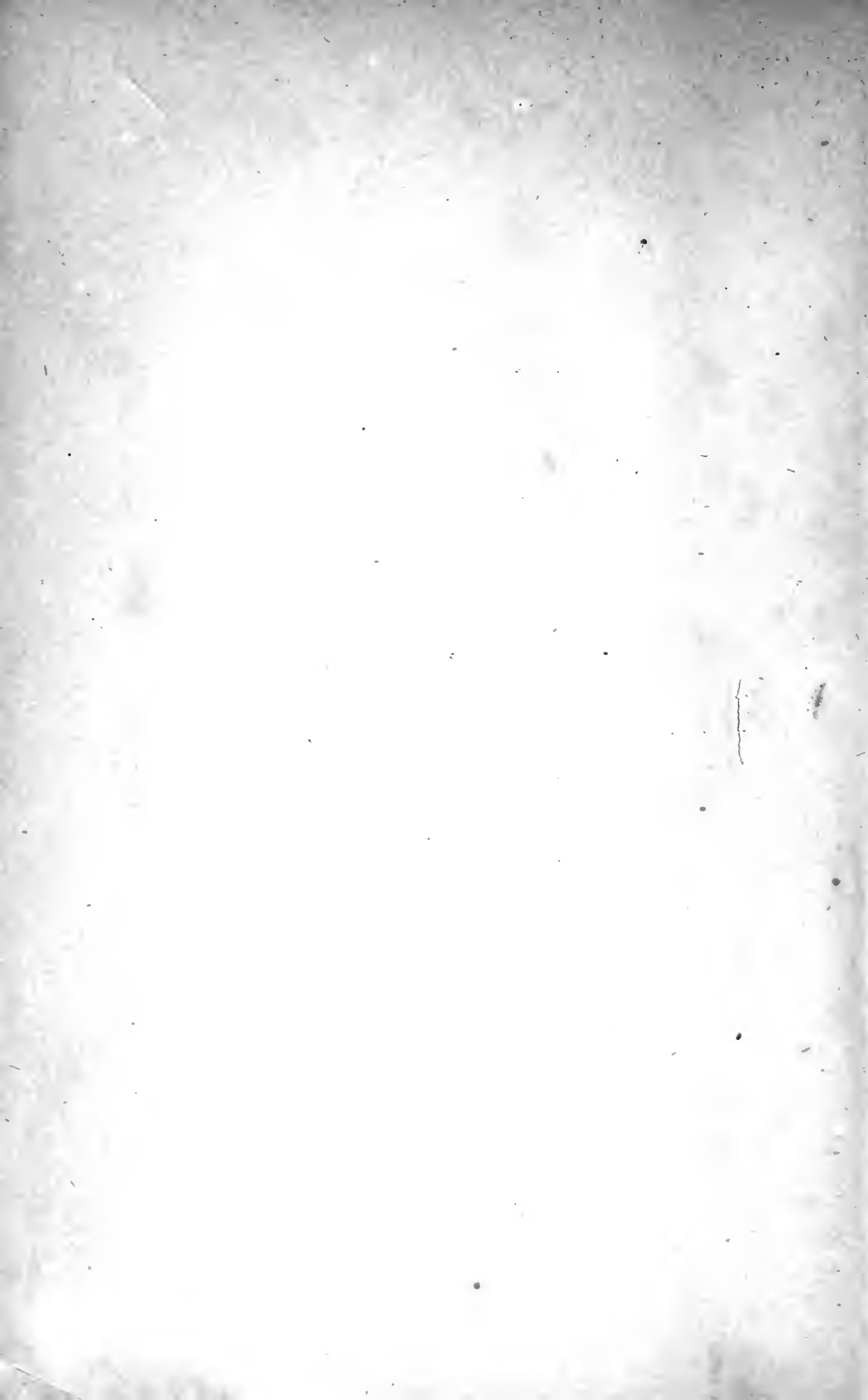
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JANUARY, 1887.

# The Coast Review

## CONTENTS:

	PAGE		PAGE
Life Insurance in Some of the Principal Countries of the World.....	9	The California Mutual Life Ins. Co.....	25
Digest of Recent Insurance Decisions.....	13	The Pacific Insurance Union.....	26
Liability of Members of Co-operatives.....	15	Firemen's Relief Fund Case.....	27
Wonderful Results of a Life Ins. Policy.....	16	Mutual Fire Insurance.....	27
Methods of Life Insurance Agents.....	16	Pacific Coast Fire Insurance for 1886.....	29
Precautions Against Fire.....	17	Pacific Coast Insurance Loss Record for 1886	30
Texas Correspondence.....	17	A Retrospect.....	30
The State Insurance Co.....	18	Stated Surrender Values.....	33
Failure of a New York Hat-Passer.....	18	Warning to Agents.....	34
Responsibility for Unfriendly Juries.....	19	Life Insurance.....	35
Answers to Correspondents.....	20	Liability of Directors.....	35
Fred T. Hoyt a Defaulter.....	20	Months, States and Fires.....	36
Large Fires in the United States.....	22	Oakland Home Ins. Co.....	37
Chief Coast Losses.....	24	Fires.....	37
Monthly Fire Losses in the United States.....	24	Siftings.....	39
A Plea for Life Insurance.....	24	Chips.....	40
		Compromised.....	46

SAN FRANCISCO:

J. G. EDWARDS, Publisher,

320 SANSOME STREET.

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Single Copies, 25 Cents.

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# THE LIVERPOOL AND LONDON AND GLOBE INSURANCE COMPANY.

**TOTAL ASSETS, - - \$39,189,106.60**

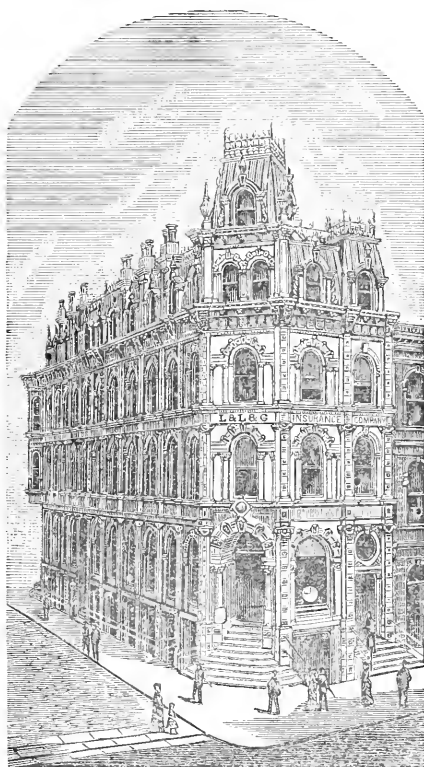
Total Fire Losses Paid from Organization to Jan. 1, 1886, \$81,817,726.35.

INSTITUTED  
1836.

The Assets of the United States Branch of this great corporation, which are invested in the names of its Trustees in America for the exclusive protection of its policy holders in this country, amount to

**\$6,148,283.**

The immense assets and the Unlimited Liability of more than Thirteen Hundred Shareholders, make this Company one of the very best for those desiring First-Class Indemnity.



THE COMPANY'S BUILDING.

ENTERED U. S.  
1843.

The amount which has been paid by this Company in satisfaction of FIRE LOSSES in the United States in the course of thirty-eight years is

**\$37,466,135**

*Its reputation for stability and for honorable dealing is world-wide. The ample security which it offers to its patrons is unequalled, as its total assets are greater than those of any other fire insurance company on the globe.*

**PACIFIC DEPARTMENT ESTABLISHED 1852.**

**CHARLES D. HAVEN, Resident Secretary.**

**CHIEF OFFICE, 422 CALIFORNIA STREET  
SAN FRANCISCO, CAL.**

# THE CALIFORNIA INS. CO.

*318 California St., San Francisco.*

ORGANIZED FEBRUARY, 1861.

CAPITAL, Paid up in Gold.....\$600,000.00  
ASSETS, January 1st, 1886..... 1,010,713.52

L. L. BROMWELL, Prest. JOHN BERMINGHAM, Vice-Prest. W. H. C. FOWLER, Sec'y.

## DIRECTORS:

W. J. BRYAN,  
DANIEL MEYER,  
M. A. DE LAVEAGA,

SAMUEL MERRITT,  
L. L. BROMWELL,  
JOHN BERMINGHAM,

A. W. SCHOLLE,  
S. C. BIGELOW,  
HENRY WADSWORTH.

San Francisco Department, ARTHUR C. DONNELL, City Agent.  
GEO. C. PRATT, General Agent and Adjuster.

Portland Branch Office, CLAYTON & OLIVER, Managers.

Eastern Department, E. L. IRETON, Manager, Cincinnati, Ohio.

# U N I O N

Fire and Marine Insurance Company,  
OF NEW ZEALAND.

Subscribed Capital.....\$10,000,000 00  
Cash Capital fully paid up..... \$500,000 00  
Assets December 31, 1885..... 937,065 00  
Deposited with DANIEL MEYER, HENRY WADSWORTH and JOHN D. YOST, Resident Trustees  
in San Francisco..... 134,819 70

L. L. BROMWELL, Pacific Coast Manager.

No. 318 CALIFORNIA STREET, SAN FRANCISCO, CAL.

ARTHUR C. DONNELL, City Agent.

GEO. C. PRATT, Special Agent and Adjuster.

---

London Assurance Corp'n,  
OF LONDON.

NORTHERN ASSURANCE CO.  
Of LONDON and ABERDEEN.

QUEEN INSURANCE CO.  
OF LIVERPOOL.

Connecticut Fire Ins. Co.  
OF HARTFORD.

---

PACIFIC COAST BRANCH OFFICES,

*No. 441 California Street, San Francisco.*

ROBERT DICKSON, Manager.

WM. MACDONALD, Ass't Manager.

## 22d Annual Statement of the Condition and Affair

OF THE

## Home Mutual

Insurance Company of San Francisco, Cal.,

ON THE 1st DAY OF JANUARY, A. D. 1886.

## ASSETS.

Real Estate owned by Company.....	\$169,025 00
Loans on Bond and Mortgage.....	240,239 13
Cash Market Value of all Stocks and Bonds owned by Company.....	151,540 33
Amount of Loans secured by pledge of Bonds, Stocks and other marketable securities as Collateral.....	36,750 00
Cash in Company's Office.....	2,380 98
Cash in Banks.....	112,262 78
Interest due and accrued on all Stocks and Loans.....	1,724 30
Interest due and accrued on Bonds and Mortgages.....	4,378 21
Premiums in due Course of Collection.....	67,254 20
Cash in hands of New York Agent.....	1,094 98
Cash in hands of Western Department Agents.....	9,619 11
<b>TOTAL ASSETS.....</b>	<b>\$836,269 02</b>

## LIABILITIES.

Losses Adjusted and Unpaid.....	\$2,625 00
Losses in process of Adjustment or in Suspense.....	5,360 00
Losses resisted, including expenses.....	5,200 00
Gross premiums on Fire Risks running one year or less, \$222,109 49; re-insurance fifty per cent.....	111,054 75
Gross premiums on Fire Risks running more than one year, \$181,607 94; re-insurance pro rata.....	93,893 51
Net amount due, and to become due, for re-insurance of the business of the Western Department of this Company, as per terms of contract between the parties thereto.....	82,147 83
Cash Dividends remaining unpaid.....	2,723 00
Due and accrued for Salaries, rent, etc.....	300 00
Taxes due and to become due.....	678 30
<b>TOTAL LIABILITIES.....</b>	<b>\$303,982 39</b>
Capital Stock.....	300,000 00
Net Surplus.....	232,286 63

## INCOME.

Net Cash actually received for Fire Premiums.....	\$487,746 59
Received for interest on Bonds and Mortgages, Bonds, Stocks, Loans and from all other sources.....	31,680 69
Received for Rents.....	3,719 05
Appreciation of Real Estate and County Bonds.....	21,560 00
<b>TOTAL INCOME.....</b>	<b>\$544,706 33</b>

## EXPENDITURES.

Net amount paid for Fire Losses.....	\$289,951 44
Dividends to Stockholders.....	36,000 00
Paid or allowed for Commission or Brokerage.....	135,305 30
Paid for Salaries, Fees, and other charges for officers, clerks, etc.....	37,047 50
Paid for State, National and Local Taxes.....	6,751 45
All other Payments and Expenditures.....	60,358 07
<b>TOTAL EXPENDITURES.....</b>	<b>\$565,443 79</b>

Losses Paid since Organization, \$2,408,453 28.

<b>J. F. HOUGHTON.....</b>	<b>President</b>
<b>J. L. N. SHEPHARD.....</b>	<b>Vice-President</b>
<b>CHAS. R. STORY.....</b>	<b>Secretary</b>
<b>R. H. MAGILL.....</b>	<b>General Agent</b>

Principal Office, 216 Sansome Street.

# THE LONDON AND PROVINCIAL

Fire Insurance Company,

LIMITED, OF LONDON.

CAPITAL.....\$5,000,000

---

# HELVETIA SWISS

Fire Insurance Company,

OF ST. GALL.

CAPITAL.....\$2,000,000

---

# SWISS MARINE

Insurance Companies Combined.

CAPITAL.....\$4,000,000

---

HARRY W. SYZ, General Agent,

410 CALIFORNIA STREET,

SAN FRANCISCO.

# HUTCHINSON & MANN,

*General Agents for the Pacific Coast.*

E. P. FARNSWORTH, - - - - - SPECIAL AGENT AND ADJUSTER.

N. E. Corner California and Sansome Sts., San Francisco.

---

ASSETS REPRESENTED.....\$27,670,117

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## FIRE DEPARTMENT.

---

### CONTINENTAL INSURANCE CO.

Of New York.

---

AGRICULTURAL INSURANCE CO.  
Of Watertown, New York.

CITIZENS' INSURANCE CO.  
Of St. Louis.

FARRAGUT INSURANCE CO.  
Of New York.

FIREMEN'S INSURANCE CO.  
Of Baltimore.

FIREMEN'S INSURANCE CO.  
Of Newark.

GIRARD INSURANCE CO.  
Of Philadelphia.

PITTSBURGH UNDERWRITERS,  
Of Pittsburgh.

ST. PAUL F. & M. INSURANCE CO.  
Of St. Paul.

UNITED FIRE RE-INSURANCE CO.  
Of England.

### SUN FIRE OFFICE

Of London.

---

## MARINE DEPARTMENT.

LONDON & PROVINCIAL M. INS. CO.  
Of London.

FONCIERE MARINE INS. CO.  
Of Paris.

ST. PAUL F. & M. INSURANCE CO.  
Of St. Paul.

---

### STEAM BOILER AND PLATE GLASS DEPARTMENT.

HARTFORD STEAM BOILER INSPEC-  
TION AND INSURANCE CO.  
Of Hartford.

METROPOLITAN PLATE GLASS IN-  
SURANCE CO.  
Of New York.

# SOUTH BRITISH AND NATIONAL



FIRE  
AND  
MARINE



## Insurance Companies, of New Zealand.

ISSUING A JOINT POLICY.

**Combined Capital, - - - - \$20,000,000.**

Unlimited Liability of Shareholders.

W. J. CALLINGHAM, Gen'l Agent,

213 and 215 Sansome Street, San Francisco.

R. H. NAUNTON, Manager City Department.

## The City of London Fire Insurance Co.

Limited, of London.

**CAPITAL, - - - - \$10,000,000.**

W. J. CALLINGHAM, GEN'L AGENT,

213 & 215 SANSOME ST., SAN FRANCISCO, CAL.

*Bankers—London and San Francisco Bank, Limited.*

R. H. NAUNTON.....Manager City Department.

# LONDON & LANCASHIRE

Fire Insurance Company of Liverpool,

ORGANIZED 1861,

---

# MANCHESTER

Fire Assurance Co. of Manchester, Eng.

ORGANIZED 1824.

---

# AMERICAN

Insurance Company of Newark, N. J.

ORGANIZED 1846.

---

# CALEDONIAN

Insurance Company of Edinburgh,

ORGANIZED 1805.

---

BALFOUR, GUTHRIE & CO.,

*GENERAL AGENTS,*

GEO. W. SPENCER, Manager.

316 CALIFORNIA STREET,

San Francisco.

CASH CAPITAL,		CASH ASSETS,
\$4,000,000.00.		Jan. 1, 1886.
INCORPORATED		\$9,260,097.00.
		1819.

*For a period of SIXTY-SEVEN YEARS this Company has occupied the position of the LEADING AMERICAN FIRE INSURANCE COMPANY.*

**Largest Cash Capital, Largest Cash Assets and Largest Cash Income of any Fire Insurance Company in America.**

**Losses Paid Since Organization, (67 Years), \$59,000,000.00.**

**GEORGE C. BOARDMAN, General Agent.**

**T. E. POPE, Assistant General Agent.**

**N. W. WINTON, Agent,  
San Francisco.**

**JOHN H. HOPKINS, Agent,  
Oakland.**

*Office, 311 California Street, San Francisco.*

THE  
**HARTFORD**  
Fire Insurance Company.

ORGANIZED 1794.

**ASSETS, - - - \$5,055,946.45**

**BELDEN & COFRAN, Managers**  
**PACIFIC DEPARTMENT,**

**313 California Street,**

**San Francisco, Cal.**

**J. J. AGARD and H. S. HOBLITZELL, Special Agents and Adjusters.**

**OSCAR WOODHAMS, CITY AGENT.**

# THE COAST REVIEW

A MONTHLY JOURNAL

DEVOTED TO

FIRE, MARINE, LIFE AND ACCIDENT INSURANCE.

J. G. EDWARDS, PROPRIETOR,

320 Sansome St. (Room 17), San Francisco, Cal.

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No. 1.

## PUBLISHER'S NOTICE.

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Postage, when not sent from this office, is 2 cents per copy.

Correspondence invited. Write on one side of paper only. Be specially careful with names and dates.

Our readers are requested to send us court decisions and newspaper clippings relating to underwriting interests.

Communications, new advertisements and changes in old advertisements should be handed in before the 1st of the month, or as soon after the 1st as possible.

The COAST REVIEW will be mailed about the 8th of the month.

Advertising rates made known on application.

## Life Insurance in Some of the Principal Countries of the World.

A comparative statement of the position of life assurance companies at the end of 1885, dealing with England, France, Germany, the United States, Austria and Switzerland, has just been published, which includes many features of general interest for life insurance associations as well as for the public. Only those American companies are comprised in this comparison which are admitted to business in the State of New York. England had the largest number of separate companies, viz., 90, Germany coming next with 38, the United States with 29, France with 20, Austria with 17, and Switzerland with 4. The year's business resulted in the issue of—

156,214	new policies in America,	insuring	£80,370,586
98,251	" " " England,	"	39,046,223
63,211	" " " Germany,	"	13,938,830
39,523	" " " France,	"	17,645,203
34,303	" " " Austria,	"	5,112,832
3,062	" " " Switzerland,	"	757,601
Making a total of			—
394,664	new policies, insuring	- - - -	£156,871,275

England is consequently second on the list as to new business, America leading the way by a sum more than 100 per cent. in excess of England, whereas none of the

other four countries comes up to half the amount of the latter. The average amount of each policy was £514 in America, £446 in France, £397 in England, £297 in Switzerland, £220 in Germany, and only £149 in Austria. The number of policies in force during the year and their face amount is stated—

In England	at 1,158,723,	insuring	£439,046,223
" America	" 906,927,	"	477,904,009
" Germany	" 770,814,	"	146,804,482
" France	" 299,452,	"	142,512,226
" Austria	" 279,855,	"	34,946,203
" Switzerland	" 37,166,	"	8,823,559

Or a total of 3,432,937 policies for £1,250,044,702 in the aggregate.

England had consequently more policies in force than any other country, but the amount insured was exceeded by America to the extent of nearly 10 per cent., whereas the next countries (Germany and France) represent each about one-third of the English policy amount, though Germany's number of policies is equal to two-thirds of the English.

The largest amount was paid by England upon policies which expired at death, the respective figures being—

For England	27,333 policies for	£10,356,525
" America	10,245 " "	5,991,435
" Germany	12,507 " "	2,028,423
" Austria	5,579 " "	508,757
" France	3,606 " "	1,649,416
" Switzerland	659 " "	147,646

Together ..... 59,989 policies for £20,682,202

The explanation for this apparently unfavorable feature is found in the circumstance that English business has by far the oldest standing, and policies having run for a much longer time, particularly in comparison with America and Germany, where insurance business has only of later years assumed large proportions, must naturally fall in to an increased extent. In the next rubric referring to policies cancelled in 1885 by repurchase, because matured during life, or lapsed in consequence of forfeiture, the position of Great Britain is reversed, as she occupies the second place both in respect to number of policies and to their face value, America being far ahead of her. The following table shows the particulars, and also certain percentages of cancelled policies during lifetime of the insured.

	Number of policies	Sum cancelled.	Percentage to gross amount of insurances in force during 1885.	Percentage of new business done in 1885.
England ..	49,326	£18,639,698	4.3	47.9
America ...	81,791	41,915,108	8.8	52.2
France ....	30,754	13,579,282	9.5	77.0
Germany ...	22,076	3,972,011	2.7	23.5
Austria ....	20,023	2,966,614	9.0	58.0
Switzerland	1,207	349,281	4.0	46.1
Total ....	205,377	£81,471,994	6.5	51.9

The percentage of cancelled policies under this heading, both as regards the total risk in 1885 and the new business, was consequently in England much below the average of the six countries under observation.

The state of insurances at the end of 1885 was, therefore:

	Number of policies in force.	Face value.	Average per policy.
England ....	1,082,064	£410,000,000	£379
America ....	814,691	430,000,000	528
Germany ....	736,231	140,304,000	191
France .....	265,032	127,283,500	480
Austria ....	254,253	29,500,000	116
Switzerland	35,300	8,331,635	236
Total .....	3,187,571	£1,145,919,135	£360

Whereas England participates in the grand total of the six countries with 36 per cent. (America with 38, Germany with 12, France with 11, and Austria and Switzerland combined, with 3 per cent.) the amount of each policy is only 5 per cent. in excess of the average. The increase of business during the year, and its relative percentage to existing policies at the beginning of 1885, was—

America.....	£33,000,000 equal to	8.2 per cent.
England.....	10,000,000 " "	2.5 " "
Germany .....	8,900,000 " "	6.7 " "
Austria.....	2,830,000 " "	10.4 " "
France.....	2,415,000 " "	1.9 " "
Switzerland.....	279,000 " "	3.5 " "

—demonstrating again great efforts on the part of America and Germany, as well as of Austria, in which latter country life insurance has still a large field to cover.

As to the security offered to policy-holders, Great Britain towers far above all her competitors. The following were the figures on the 31st December, 1885:

Country.	Accumulated premium reserve.	Total funds.	Increase in 1885.	Percentage.
England....	£133,375,877	£164,636,018	£4,782,713	24.8
America....	90,182,770	111,278,744	7,837,604	30.5
Germany....	27,305,564	45,535,536	2,746,683	43.2
France.....	32,800,000	45,870,345	2,322,837	31.3
Austria.....	6,380,237	13,053,598	563,350	30.3
Switzerland	1,180,517	2,720,586	230,938	56.1
Total....	£296,224,965	£383,094,825	£17,494,125	....
Average percentage, 30.4.				

England's accumulated insurance funds are thus 40 per cent. of the total risk, America's only 25 per cent., France's 34, Germany's 32, Austria's, with, however, an insignificant business, as much as 43 per cent., and Switzerland's 34 per cent. English insurances are equal to 39 per cent. of the grand total, and the Companies' funds to 46 per cent. English policies offer, therefore, on the average, better security than those of any of the above six countries.

The receipts and expenditures of the insurance companies under review exhibited during last year the following results:

#### A.—RECEIPTS.

##### 1. For Premiums:

England	£12,431,501	equal to 3.0 per cent. upon the face value of policies.
America	16,369,257	" 3.8 "
Germany	5,388,645	" 3.5 "
France	4,452,533	" 3.5 "
Austria	1,387,774	" 3.4 "
Switzerland	309,695	" 3.6 "
Total	£40,339,405	equal to 3.5 per cent. average.

England's premium revenue is, therefore, nearly a third of the whole sum, though less than America's, whereas its rate is both absolutely the lowest and fully one-half per cent. less than the average.

2. For *Annuities* (under this rubric no statement has been issued by either Germany, Austria or Switzerland):

England.....	£ 637,276
America .....	1,391,513
France .....	314,292
	£2,343,082

Showing that the system is most in favor in the United States, and comparatively least in England.

##### 3. Interest from Investments:

England.....	£5,935,097
America.....	5,569,246

France.....	1,573,353
Germany.....	1,368,506
Austria.....	363,868
Switzerland.....	84,921

Total..... £14,894,991

4. Other receipts, including balances brought forward:

England.....	£251,651
America.....	171,376
France.....	....
Germany.....	64,960
Austria.....	106,413
Switzerland.....	16,750
Total.....	£611,150

Though England's risk is less by nearly forty million pounds than America's, her investments yield £366,000 more than those of the United States, whereas the relative position is still more in Great Britain's favor if compared with Germany.

The grand total of the receipts above enumerated is, for—

England £19,255,525 or about 41 % of the gross amount of insurances.

America	22,424,671	" 41 "
France	7,417,398	" 5 "
Germany	6,321,613	" 43 "
Austria	1,858,055	" 51 "
Switzerland	411,365	" 43 "

and together £58,188,627 or an average 4.80 per cent. of the gross amount of all insurances in force on 31st December, 1885.

That English receipts are slightly beneath the average, results from the circumstance that the premiums charged by our companies are considerably lower than in any of the other five countries.

#### B.—EXPENDITURE.

1. Payment on policies expired at death (less amounts paid to re-insurance societies):

	Percentage of annual income.	Percentage of gross amount of policies in force.
England.....	£10,356,525	53.8 2.5
America.....	5,991,435	26.7 1.4
Germany.....	1,987,941	29.1 1.3
France.....	1,649,416	22.2 1.3
Austria.....	469,298	25.3 1.2
Switzerland.....	132,017	32.1 1.5
Total.....	£20,586,632	
Average.....	35.4	1.8

The cause of the unsatisfactory position held by English companies under this head is already explained in the old-standing of their business; for if the rate of mortality

alone would have regulated the above figures, England would occupy the lowest place in the percentage.

2. Policies expired during lifetime of the insured, having been issued for a fixed period:

America.....	£1,687,607
France.....	321,040
England.....	No statement
Germany.....	178,205
Austria.....	159,519
Switzerland.....	14,308
Total.....	£2,360,679

### 3. Annuities Paid:

America.....	£ 523,732
France.....	1,216,346
England.....	598,759
Germany.....	114,051
Austria.....	33,649
Switzerland.....	23,105
Total.....	£2,514,642

### 4. Repurchase of Policies and Refunding of Premiums:

England.....	£ 766,722
America.....	2,046,432
Germany.....	227,261
France.....	397,266
Austria.....	103,583
Switzerland.....	13,977
Total.....	£3,555,241

### 5. Payment for Reinsurance:

England.....	Not stated
America.....	£ 35,498
Germany.....	96,750
France.....	226,416
Austria.....	63,367
Switzerland.....	26,101
Total.....	£48,132

### 6. Addition to Premium Reserve Fund:

England.....	£4,164,120	21.6 % of annual income
America.....	5,369,517	23.9 " " " "
Germany.....	2,376,653	34.8 " " " "
France.....	1,557,735	21.0 " " " "
Austria.....	507,004	27.3 " " " "
Switzerland.....	112,119	27.3 " " " "
Total.....	£14,087,148	
Average.....		24.2

The smaller percentage in the case of England, America and France is, in this case, based principally upon a different system of book-keeping introduced in the three other countries. The percentage of actual funds, added to the reserve, is in reality much larger in the three first-named countries than in the three latter ones.

### 7. Office Expenses and Commissions:

England.....	£1,889,713	9.8 % of annual income
America.....	3,941,495	17.6 " " " "
France.....	1,201,503	16.2 " " " "
Germany.....	695,338	10.2 " " " "
Austria.....	311,122	16.7 " " " "
Switzerland.....	43,521	10.6 " " " "
Total.....	£8,082,692	
Average.....		13.9

It would have been desirable to separate office expenses and commissions, in which case England—which has already the cheapest management—would have shown still more evidently how sound the business is she transacts, and that she only pays a much smaller percentage for its acquisition than any other of the six countries.

### 8. Other Expenses, Losses, and amounts written off:

England, America and France.....	nil.
Germany.....	£27,396
Austria.....	43,962
Switzerland.....	4,266
Total.....	£75,644

### 9. Grand Total of Expenditure:

England.....	£17,775,839
America.....	19,600,718
Germany.....	5,703,596
France.....	6,569,722
Austria.....	1,688,022
Switzerland.....	372,913
Total.....	£51,710,810

### 10. Net profit for 1885, after deducting the loss of some companies:

		Percentage of annual income.
England.....	£1,479,686	7.7
America.....	2,823,953	12.6
Germany.....	1,118,017	16.4
France.....	847,676	11.4
Austria.....	170,034	9.2
Switzerland.....	38,452	9.3
Total.....	£6,477,818	
Average.....		11.1

The statement of the amount of net profit as under 10 is very delusive, as the principles upon which it is calculated here and abroad are widely different. It requires no comment that the English societies, with an actual capital of £164,636,018, realized more net profit than 0.91 per cent. We only give these statistics from tables arranged abroad.

11. *Dividends Paid:*

	To policy-holders.	To share-holders.
England.....	£ 937,794	£541,892
America.....	2,754,778	69,175
Germany.....	906,983	136,253
France.....	437,952	306,907
Austria.....	30,766	74,816
Switzerland.....	25,435	4,000
Total.....	£5,093,708	£1,133,043

12. *Additions to Special Reserve Funds:*

England and America.....	nil.
Germany.....	£44,617
France.....	53,968
Austria.....	49,912
Switzerland.....	1,095
Total.....	£149,590

Recapitulating the gross results of life insurance interest in 1885, we find that America, by pushing her business both here and on the Continent, and by introducing principles like the tontine insurance and other systems, has, at great expense, secured a vast amount of business; in the face of which, England has, nevertheless, not only managed to hold her own, but has made further progress, which is manifested in all respects, whether taken by itself or in comparison with other countries. She has issued nearly 100,000 new policies for an average amount of £390 each, thus increasing the number of running policies to 1,158,723, and insuring a capital of 439 millions sterling, of which 76,659 were paid off or cancelled, leaving, therefore, at the end of the year a net gain of 21,592 policies.

The funds in hand were nearly £165,000,000, an increase of about £5,000,000, thus offering unparalleled security to policy-holders. Not only are these funds over £53,000,000 in excess of those of American companies—although their liabilities are nearly £40,000,000 larger than ours—but the character of the investments is incomparably safer than that of any of the other countries in which, for example, uncalled capital (taking the form of bills of hand) is included in the amount of accumulated funds. Yet, notwithstanding this security, English companies have charged the lowest average premium (only 3 per cent.) and had the lowest rate of management expenses (nine four-fifths against America's seventeen three-fifths per cent.).

A short statement of the accounts of all English life insurance companies at the end of 1885 gives:

Income for premiums.....	£12,431,501
“ from investments.....	5,835,097
“ “ annuities.....	637,276
Sundries.....	251,651
Total.....	£19,255,525

## And expenditure—

Policies paid at death.....	£10,356,525
“ bought and cancelled.....	766,722
Annuities paid.....	528,732
Management, including commission.....	1,889,713
Total.....	£13,541,692

Resulting in a surplus balance of..... £5,713,833

—*Insurance Spectator of London.*

## Digest of Recent Insurance Decisions.

## Fire.

Ferguson v. National F. & M. Ins. Co.; N. S. W. S. C., Nov. 4, 1886.

CHANGE OF TITLE FROM ONE PARTNER TO ANOTHER.—The point at issue was whether, through the property insured having passed from one partner to another, there was a breach of the condition in the policy which provided that if the property insured should pass to any other person than the one in whose name it was insured, notice should be given of the fact to the company. The defendant company argued that the assignment of property belonging to two partners to one of them, was a change of ownership such as was contemplated by the conditions of the policy; for there might be reasons in some cases why the partner who remained in sole possession was objectionable to the insurance company: *Held*, That there was such a change in the ownership as was contemplated in the policy.

Day v. Mill Owners, Mutual Fire Ins. Co.; Iowa C. S.

IDLE WHILE WAITING REPAIRS.—Where it is provided in the contract of insurance that the stoppage of the mill insured *from any cause whatever*, for more than twenty days without notice to the secretary of company, shall have the effect to suspend the policy from the expiration of the twenty days shutting down the mill for the purpose of making necessary and needed repairs will suspend the policy.

Phoenix Ins. Co. v. Adams, Ky. C. of A.; Dec. 8, 1886.

**INSURABLE INTEREST.**—Generally a person who has any interest in property, or if its destruction would entail pecuniary loss to him, has an insurable interest therein. Assignees for the benefit of creditors have such an interest as authorize them to procure insurance, although they may not have qualified, nor the deed have been approved by all the creditors. A deed takes effect upon delivery, and cannot by parol agreement be made to operate as an escrow. The remaining trustee, others having resigned, *was* the proper one to sue.

Rife v. Lebanon Mutual Ins. Co.; Pa. S. C.

**INCREASE OF RISK.**—A lateral switch was built within twelve feet of property insured. A spark from a locomotive started the fire. *Held*, That it cannot be assumed that the plaintiff knew that the lateral r il-road would increase the risk to such an extent as to increase the rate of insurance, and in the absence of any evidence as to his knowledge of such increase to the extent specified in the policy, the solution must therefore be found outside of the policy.

Johnson v. Connecticut Fire Ins. Co.; Ky. C. of A.

**EXECUTORY CONTRACT.**—To establish an executory contract of insurance, it must appear that an agreement to insure was in fact entered into, and that nothing essential to a complete agreement was left open for future determination; and the burden is on the party attempting to establish such a contract to establish it by a preponderance of the evidence. Where the insured and the agent erroneously believed that four policies were still alive, and while renewing others, did not renew those, as they otherwise would, the companies in which the additional insurance would have been taken but for the mutual mistake, are not liable either by contract or estoppel.

#### Life.

Seigrist v. Schmaltz; Pa. S. C.

**INSURABLE INTEREST.**—Where one contracted to support another for life in consideration of a policy of insurance on the

life of the latter for the benefit of the former, the party who furnished support had an insurable interest, like an ordinary creditor, for the just amount of his claim for support, the balance belonging to the estate of the insured. The rule of law respecting insurable interest being founded on considerations of public policy, it was error in the court to charge the jury that the question raised in the above state of facts was entirely one of fact, namely, whether it was a speculation on the life of the insured or a *bona fide* transaction upon benevolent motives.

#### Assessment.

Kohen v. Mutual Reserve Fund Life Association; U. S. C. C., Mo.

**DEATH BEFORE DELIVERY OF POLICY.**—The deceased's application was filled out, examination had, the initiation fee, annual dues, and the fees of the physician were all paid to the general agent, and a receipt taken therefor. The papers were all forwarded to the general office at New York, and received there on the 9th of November, at 4 o'clock P. M. The application stated the risk to be first-class, and this statement is admitted to be true. On the 10th of November, the medical director approved the application, and thus to the executive committee, whereupon it was written by one of its members the word "approved," and signing his name. The next day, owing to information received by telegram, this approval was erased, and "declined" written and signed by the chairman of the executive committee. No certificate of membership was ever issued. On the 11th of November, the applicant was shot in St. Louis, and died on the 12th. The applicant was without fault in the shooting, and up to the time of such accident, his was a first-class risk. *Held*, That when the application for insurance provides that the policy shall not be in force until it is delivered to the applicant, the contract of insurance will not become binding upon the company until delivered. That where such a condition is contained in an application by a husband for insurance on his life for his wife's benefit, the fact that the condition is printed, and the name of the wife as beneficiary is

written, will not prevent such condition from being binding upon her. That unnecessary delay upon the part of the company in passing upon the application, and delivering the policy, would not operate to bind it as insurer in case of the applicant's death before such delivery; and that, where the application was received at 4 P. M. one day, and acted upon the next day, the delay was not improper. Bill dismissed and judgment for defendant.

#### Notes.

The Kentucky Court of Appeals recently held that a note taken by the agent for a premium, payable to himself, and afterwards turned over to the company, was not "a note given for premium" within the meaning of the provision that in case of default in the payment of any premium, "or any note given therefor," the policy should become void.

Justice Barrett of the New York Supreme Court has enjoined the Globe Mutual Benefit Association from carrying on the insurance of infants. He held that only members of that assessment company can be insured, and that infants are not eligible because they cannot make a contract. An infant cannot be a member. The whole system of baby insurance should be prohibited, for it promotes neglect and crime.

A railroad company was insured against liability for damages from fire from locomotive sparks. Such a fire occurred, and the railroad company waited until its own liability had been established before requesting payment from the insurance companies. Meanwhile a year had elapsed, and the insurance companies refused to pay, setting up the limitation clause. The United States Circuit Court at New Orleans ruled that the limitation period began to run not from the time of the destruction of the property by fire, but from the time when the liability of the insured to pay for the destroyed property was fixed by judgment or otherwise.

The Pennsylvania Supreme Court recently ruled that where a party insures his life in favor of a person who has no insurable

interest in his life, and the company pays the amount to the person stipulated in the contract, the company will not be compelled to pay it again to the executrix of the estate, although notified not to pay the beneficiary by the heir and widow of the deceased, but not by the executrix.

The Massachusetts Supreme Court has decided that where an insurance company having paid a policy after proof of loss, in consequence of a liability caused by the negligence of an agent in not using reasonable diligence in cancelling a policy, after having been instructed to do so, it may bring an action against the agent for the amount so paid immediately after such payment, although the sixty days which it reserves as a time within which to pay the loss has not expired.

#### Liability of Members of Co-operatives.

We copy the following "pointers" from the *Monitor's* pamphlet on the "Law of Membership in Co-operative and Assessment Life Associations:"

Each member holding a certificate in force at the time of the death of another member is legally bound to pay.

The association is legally bound to enforce payment.

A beneficiary can compel an association to levy an assessment.

The court will oblige the officers to assess and collect.

If the officers of an association do not assess and collect, the court, at additional expense, may do so through its own officers.

An association can be compelled to collect an assessment from each member who has not, prior to such assessment, perfected his withdrawal.

An association can refuse to release a member and compel him to pay each assessment as it occurs.

Membership is not terminable by merely refusing to pay an assessment. The certificate-holder must stay and pay all liabilities accrued up to the date of his withdrawal.

Receivers may sue members for back assessments.

A member does not cease to be such until

he has made his withdrawal complete according to terms of his contract; he remains liable for losses which follow.

The application and certificate constitute a contract of insurance.

They are mutual contracts between the members; the company is merely the instrument for their enforcement.

The rules and principles governing an ordinary insurance contract are applicable to the contracts between benefit societies and their members.

The books of a company are available to show the membership for the purpose of enforcing an assessment on each.

Forfeiture of rights does not relieve a member from liability.

### Wonderful Results of a Life Insurance Policy.

A San Francisco life solicitor persuaded a lawyer to take out a large policy on his life about a year ago, and meeting him on New Year's Day at a resort for the convivial, inquired: "What do you think of life insurance now?" "I think exceedingly well of it," was the reply, "and in this glass I pledge you my lasting gratitude for your persistency." Presently, when both were a little mellow with good wine, the subject was resumed. "That policy," said the lawyer, "has renewed my youth by lifting a load of care from my spirit. I feel that my family is reasonably well provided for in the event of my death, and there are therefore no spectres of the grave and want at my fireside. I put my savings in the annual premium, and am content to have the company make the investment for me. The company does as well as or better than I can, and, besides, will instantly cash the savings of a lifetime if I die. In sober sense, I say that that is simply wonderful. You know I didn't think so a year ago, but I am converted, and if I have the enthusiastic zeal of a new convert, you at least will not be offended. But the sentimental side of the topic interests me most. When I go home and mingle with my family I am not only undisturbed by melan-

choly thoughts of their helplessness if I, their provider, should die, but I face the sad image of death with cheerful defiance. I now can

'Live a life that shall send  
A challenge to its end,  
And when it comes,  
Say, Welcome, friend.'

I am confident that when my summons comes to join

'The innumerable caravan, that moves  
To that mysterious realm, where each shall take  
His chamber in the silent halls of death,'

I will approach my grave

'Like one who wraps the drapery of his couch  
About him and lies down to pleasant dreams.'

"I feel younger and am breezily cheerful, because of that policy, my dear fellow, and I shall never again utter a word derogatory either to life insurance or a life insurance man. You all are doing a noble work.—Waiter, another bottle!—For me, Care hath no longer a hideous aspect. Life 'has a voice of gladness, and a smile and eloquence of beauty.' The flowers are once more 'weeds of glorious features,' the stars are again lustrous, the seasons are sweet with reminiscences, the sun shines upon a joyous earth, and—and—my liver is in good order, and I am no longer a dyspeptic. The glorious results of that policy are infinitely out of proportion to the simple means.—What! shall I not order another bottle? You must go? Then good luck go with you. Refer everybody to me, sir!"

### Methods of Life Insurance Agents.

"Well, yes; I suppose it does require some cheek to be a successful life insurance agent," said an official connected with a Brooklyn insurance company to a reporter. "The most successful agent I ever knew was one of the mildest of men, but he possessed an exceptional amount of patience—he worked what is known in insurance circles as the 'quiet racket;' that is, he never was very talkative, but he would, by easy stages, prevail upon his man to believe that it was necessary for him to insure. Some loud-mouthed agents are too boisterous, and impress their would-be cus-

tomers with the idea that they are the cheekiest of men. Cheek is no longer an important factor in the life insurance business. Ingenuity pays much better in the long run.

"Different men must be worked in different ways. It is generally supposed that very wealthy men insure oftener than men of moderate means. My experience is that men on salary, whose incomes are just sufficient to support their families, are much better customers of insurance companies than men of wealth. Young couples, just married, are easily insured. The husband, knowing that his income is small, and that in case of death he will leave his wife penniless, does not feel easy until he has taken out a policy."—*Exchange*.

### Precautions Against Fire.

We find the following sensible article in the December *Agriculturist*, of New York, and we reprint it in the hope that it will be extensively copied on the Pacific Coast. It will be so copied if local agents will request it of their town papers. The information and suggestions contained in the "Precautions" cannot be too frequently impressed upon the careless public mind:

"Last night we were aroused by a cry of 'Fire! fire!' and hurried to the window, to see a neighbor's house in flames. Inquiry was made later as to its origin, and we were told that it probably caught from an old box standing near the woodshed, into which ashes were thrown. It ought to be made an offense against the law to store ashes in any wooden receptacle unless it is kept entirely away from any building or anything else inflammable. It is a most excellent plan to have a box for ashes lined with tin or sheet-iron, and when this precaution is taken we would never have it placed in or near the house. No stovepipe ought ever to pass through a floor or partition unless through a "thimble" or cylinder of tin, with holes in the ends of it for the free passage of air.

"Chimneys ought to be examined frequently to make sure that there are no cracks in them. It is an excellent plan to have the chimney so constructed that it is

never concealed by the walls of a room, thus preventing a thorough examination of it. A house often settles, and this cracks the chimney, but the crack is hidden. By and by fire makes its way out, and a 'mysterious fire' results. All chimneys ought to be well plastered with good mortar, outside and in, when they are built, and the work of the mason should be inspected thoroughly to make sure he does a good job. The chimney should be cleaned at least twice a year. If this is done it will not be likely to 'burn out.' If it does get on fire, throw a handful of salt into the stove. This will deaden the fire almost immediately. Remember this, and it may be of benefit to you.

"Pipes ought always to be well secured. Not only should they be fastened to the ceiling, but a stout wire should run along them from the wall or chimney, and be drawn so tensely and fastened at each bend in them that there will be no danger of the joints working apart. This often happens, and sparks drop out at the opening. Keep matches out of the reach of children, and never let lights be carried about the house by those not old enough to exercise care and judgment in their management."

### Texas Correspondence.

DALLAS, TEXAS, Dec. 29, 1886.

EDITOR COAST REVIEW—We are in receipt of No. 12, Volume 21, and find on page 925, that owing to the failure of the cotton crop in Texas in 1885 the fire business reached a loss ratio of 110 per cent. in accordance with the prediction made by you early in 1885. We do not wish to lessen the glory which may have accrued from the enhancement of your reputation as a prophet by these results, but we think had you been familiar with the details of the losses in Texas for 1885, you would have perhaps worded your notice to the public of the large loss ratio for that year somewhat differently, or at least in a manner which would have done justice to the good people of Texas!

It is true that the loss ratio was 110 per cent.; it is true that the cotton crop was short, but the very heavy loss ratio

was not due, as would be indicated by your article, to the moral hazard incident to a short crop. In round figures the receipts for 1885 were \$1,950,000, and losses \$2,035,000, but of these losses \$1,129,061 were due to the great Galveston conflagration on November 13th, 1885, which destroyed 40 blocks of dwellings, the origin of which fire and its disastrous results not being involved in any manner with the moral hazard incident to short cotton crop. This left the losses for the State at large \$906,759.65 against receipts of \$1,951,000. In other words, the loss ratio in this State on a short crop year, outside of the general conflagration at Galveston, was about 46 per cent., all of which goes to prove in our judgment that the average Texian can stand a *short crop* and still be honest enough not to burn his house or property.

We think it would be fair to the community in the "Lone Star" State for you to give these figures. As a matter of general information we are glad to state that if the next two days does not give a general conflagration somewhere in the State, the loss ratio for 1886 will be even lighter than for 1885, barring the big fire of that year; and we shall not hesitate to issue a challenge for the good State of California to show up against the "tough empire" of Texas for the current year.

With pious regards, and wishing you a Merry Xmas and Happy New Year, together with a big increase of circulation for 1887, we are,

Yours truly,

DARGAN & TREZEVANT.

### The State Insurance Co.

#### GRAB-ALL CANCELLATION RATES — LETTER FROM THE EX-CASHIER.

EDITOR COAST REVIEW — Perhaps your readers would like to know how the State Insurance Company of Salem cancel their policies. It is as follows: They first take short rates for the time the policy has to run, then 35 per cent. for agent's commission and office fees, interest upon the note (if one was given), and the policy fee. In a great many cases the full premium was not enough to pay cancellation rates. Policies

for cancellation came in so fast that the company got out a new policy with a clause allowing cancellation only in case of actual sale; and since then they have refused to cancel policies except on that condition.

I am, yours truly,

C. H. COTTLE,

ex-Cashier.

### Failure of a New York Hat-Passer.

THE MUTUAL TRUST FUND LIFE ASSOCIATION—"AN ABNORMAL DEATH RATE," AND AN HONEST CONFESSION.

A popular new co-operative, the Mutual Trust Fund Life Association, has just failed, after a struggle of six years against the inevitable. The President and Secretary have issued a circular to the 4,000 members, notifying them of the suspension of the association. These officials admit that "no existing assessment association has been able to give perfect protection," and they candidly express the doubt whether any ever can. They say: "Their increasing mortality and increasing ratio of unpaid losses leaves it uncertain whether future claims will be paid in full or at all." That was a cut direct at the Mutual Reserve Fund Life Association of New York. But here is the circular, and we wish it a wide circulation:

Ever since the organization of this association it has been the constant aim of your officers and directors to build up a strong insurance society upon the assessment plan. Your officers believed that perfect protection to the members of the association, was possible under the natural premium system with a small additional charge for expenses of management. But one of the most radical defects of assessment of society insurance in the past has been the impossibility of securing a careful selection of risks; the experience of our association in this respect has not been exceptional. An effort was made by the officers to place this association in a position which would enable it to guarantee perfect protection in so far as could be done, by improving its plan and charging a higher rate than any other assessment association. Notwithstanding this, the abnormal death rate rendered futile all efforts in this direction. With as good a selection of lives as is secured by the regular life companies, we do not believe it impossible under the assessment plan to give perfect protection, but no existing assessment association has yet been able to accomplish it. Many of them to-

day are very popular and are paying large amounts in death losses, but their increasing mortality and the increasing ratio of unpaid losses leaves their remaining members in uncertainty as to whether future claims will be paid in full or at all.

Therefore, for the purpose of protecting our members against loss, the Mutual Trust Fund Life Association has decided to discontinue doing business upon the assessment plan and go into voluntary liquidation, and has entered into an arrangement with the Life Insurance Company of Virginia—an old and well established regular life company—to re-insure such of its members as will pass a satisfactory medical re-examination, and for the payment to those who will not of their equitable share of the accumulations in the trust fund.

### Responsibility for Unfriendly Juries.

We extract the following from a paper by a Mr. Rail, read at a recent meeting of the Insurance Institute of New South Wales, which we find in the current number of the *Australasian Insurance Record*:

Although "insurance" is a household word, and its benefits, in all its branches, are availed of by a large proportion of our own community, yet I venture to assert that its fundamental principles are, by the general public, but vaguely understood, and their application in general practice is often at variance with popular notions.

It would be easy to give numerous instances which confirm the latter statement, and, although they may seem to border on the ridiculous to you who are conversant with the subject, yet they are anything but that to a large proportion of the outside world.

For instance, no one here would for one moment think that a fire insurance company would be justified in paying a claim for loss occasioned by "volcanic eruptions," and yet we find that recently in New Zealand a company has had to stand somewhat on the defensive for not admitting such a liability. And who in life insurance practice has not had to rebut equally incorrect conceptions of what is just? A policyholder, for instance, after being assured, say, five years, brings his policy to the office requesting the "return of his money as he finds himself unable to continue his payments," and when the surrender value is quoted as much less than the total pay-

ments made, one is met with the remark, "but I haven't died and consequently you have sustained no loss," and great difficulty is often experienced in making it quite clear that no injustice is being done; and when we find that juries will sometimes give verdicts in direct contravention to the evidence tendered, it is well to ask the reason for such a state of things and to see if all the blame be on one side.

Such instances as the two already quoted I pass by without comment, but the many other misconceptions which hinder legitimate business and their causes deserve, I think, a little attention at our hands; and here allow me to give two examples (slightly altered) of my reference to verdicts of juries:

1st. In another colony, not long since, a fire company was sued by a policyholder for loss and damage occasioned by fire to his stock, amount of claim £1,100; and although it was clearly proved that the stock could not possibly have been worth half that sum, and that the claimant had three previous fires in other colonies, the jury gave a verdict for the full amount claimed with costs, a verdict on which the judge commented adversely.

2d. A life company disputed a claim on the ground of "willful concealment of facts," and although the concealment was proved, as also the fact that he had been previously declined by another office without mentioning same, the jury gave a verdict against the company.

Assuming and recognizing the fact that companies have always a difficult task in winning a case against the interests of any single individual, and allowing for the "vaguely understood principles" I referred to at the commencement of this paper, I believe one great reason is that a good proportion of the community is "out of sympathy" with the companies, and not slow to show it when opportunity offers.

I cannot but think that the differing conditions of fire policies have a lot to answer for in this respect. It is true that a contract is a contract, and that every policyholder should read the conditions of his policy; but I think I am not far wrong in

stating that not one person in a hundred knows on what conditions his insurance is effected. And this ignorance frequently causes hardships, of which I may give two illustrations:

1st. A sawmill owner insured her mill, well worth £4,000, in two different fire companies, each for £1,000, and paid a similar premium to each. A bushfire occurred, which swept the mill from the face of the earth, and a claim for total loss was made accordingly. But it was then discovered for the first time that one company was not liable for "bush fires," and that company never paid a farthing, although the other paid promptly, and in full. I make no comment here, simply remarking that if any of the residents immediately in the vicinity of that mill ever happen to be on a jury in a fire insurance case the company will not be likely to get a verdict.

2d. A gentleman insured a large residence (of wood) in two different offices, each for £1,000, and received his policies. His tenant shortly afterwards left, and whilst the place was waiting the incoming tenant, it was burned. It was then discovered that one company would not, and did not pay, because the conditions specified that "if, on the house becoming unoccupied, notice was not given, and same allowed by endorsement," etc., the policy would be vitiated; and I have no doubt that many fire insurance representatives present could relate similar instances to the foregoing.

I do not, for one moment, say that the companies refusing to pay were not morally and legally right in so doing; but what I do say is "that in the general interest of the fire companies the fewer anomalies that exist the better."

#### Answers to Correspondents.

A.—No; the Irish-American Insurance Co., of New York, will not establish a branch in England.

B.—Which is the best insurance journal in the world? Ah! sir, why would you thus put our modesty to such a trial? We decline to answer.

C.—Do we think a barber would make a successful insurance solicitor? Well, perhaps he might by a close shave, but not by cutting rates. However, we know a Carpenter who became a first-class underwriter.

D.—Yes, sir; you are right. Genuine life insurance is always at a premium—annual or semi-annual.

E.—You want to know the largest fire insurance company in the world, do you? You must read church statistics.

F.—And you, Mr. F., inquire the name of the "smallest insurance company in the world, out of curiosity." Your question is easily answered. It is the Mutual Reserve Fund Life Association, of New York. It is the "smallest" company in its dealings that we know of unless it be the Home Benefit Association, of San Francisco. You will find the latest evidence in the report of a case in our digest of insurance decisions this month, under the sub-head "assessment."

#### Fred T. Hoyt a Defaulter.

In June, 1877, Fred T. Hoyt became a clerk in the office of the general insurance agency of Hutchinson & Mann at a salary of \$75 a month, which was advanced from time to time as his services became more valuable. He was the chief bookkeeper for the firm for some time. Developing marked ability and success as a solicitor, he became a broker, and speedily controlled a large brokerage business, his agreeable address contributing largely to his popularity. Debonair manners were seconded by liberality and lavish expenditures not justified by his income, and the result was that Mr. Hoyt became greatly in arrears in his accounts with Hutchinson & Mann. The discovery was made in 1881. The exact amount we cannot learn, but it was large enough to warrant an abrupt termination of the gentleman's connection with the agency. For reasons which the reader will understand, the defalcation was kept quiet, and Mr. Hoyt thus given an opportunity to gradually restore the sum for which he was in default. Restitution in large part.

was made in time, Peter being robbed that Paul might be paid.

In November, 1882, the Oakland Home Insurance Company, to increase its city business, made a liberal contract with Mr. Hoyt, allowing him a large flat commission and a contingent in the profits. At the end of the first year the volume of the San Francisco business was equal to the expectations, the premiums being some \$25,000, and the losses nominal. But the cash to balance the account required too much time to make the long journey across the bay to the home office in Oakland. More than \$3,000 of the company's funds remained in the possession of Mr. Hoyt, or rather, the sum thus misappropriated found its way into the coffers of dealers who ministered to the creature wants of the high-living city agent. This defalcation, like the former, was hushed up, and a new contract was made, whereby Mr. Hoyt was allowed a stipulated sum large enough to maintain his family in comfort, the excess of his salary and contingent to be applied to the liquidation of his shortage. During the next eighteen months the company attempted to supervise the business of the city agency, and looked closely after the collections; but in that time Mr. Hoyt so handled the agency, with more or less cunning and duplicity, that he ran about \$8,000 behind. The company took what property he had, consisting of two houses and some personal property. The sale of a half interest in the agency, which had become valuable, and the enhancement of the real estate, have made the company whole, we are informed.

G. W. Wickes, who purchased the half interest in the city agency in July, 1885, is very reticent as to his experience with Mr. Hoyt. He claims that he lost nothing, but he willingly disposed of the agency and dissolved partnership in July, 1886.

In August last Mr. Hoyt entered into partnership with Mr. Mailliard, as the general agents of the Providence-Washington and the Security, and the city agents of the Queen. Mr. Mailliard declines to take the public into his confidence by telling the COAST REVIEW the extent of

his losses through the defalcations of his slippery partner. He has conscientiously assumed all liabilities of the firm, and retains the general agency of the Security Insurance Company and the city agency of the Queen, the Providence-Washington having been transferred to Manheim, Staples & Co. The amount of premiums embezzled, for which Mr. Mailliard has made himself responsible, we are unable to give, but it is safe to say, from such information as we have, that it will reach several thousand dollars.

Mr. Hoyt's methods were simple enough. He did not merely overdraw his account. He collected premiums, pocketed them, and then neglected to report the collections. With a reckless disregard of inevitable exposure, he deliberately falsified returns as to outstanding premiums, and delayed the disagreeable day of reckoning by crediting the older "debtors" with collections from the newer, *a la* Bates. It was found to be useless to inquire of him his collections, "upon his honor as a gentleman." There was no truth nor honor in the man who repeatedly deceived his nearest friends and habitually appropriated the funds of others.

It is safe to say that Mr. Hoyt's legitimate income during the past five years has been not less than \$5,000 yearly; but that liberal income has not nearly sufficed for the satisfaction of luxurious tastes and reckless extravagance. To pay for fine dinners, and champagne lunches, and yachting parties, and support his family in luxury, Mr. Hoyt became an embezzler and betrayed the confidence of his most intimate personal friends. More than this, he jeopardized the interests of his patrons by criminal neglect.

We cheerfully give Mr. Hoyt's defense or explanation, which is neither a defense nor an explanation. He pleads that he first got into trouble by relieving an embarrassed relative; that subsequent difficulties were merely an exchange of creditors; that he became in default successively in order to pay the older defaults. He further says that nobody has lost anything by his delinquencies. The reader is at liberty to

draw his own conclusions, and to believe that Mr. Mailliard and others were not sufferers by Mr. Hoyt's misappropriation of funds.

It is not a pleasant task to print an exposure like the foregoing; it is a disagreeable duty which we owe to the insurance companies and to the insuring public. Any natural sympathy with the family of the defaulter must not be allowed to suppress the facts or gloss over the offense against law and morals. Mr. Hoyt is an embezzler and an old offender, and whether he makes restitution in part or wholly does not diminish the criminal character of his inexcusable offense, nor mitigate the evil influence of his bad example.

Similar defalcations have become shamefully common in insurance circles, and for their frequency the companies and their representatives are largely responsible. What, as a rule, is there deterrent to others, especially to the young men, in the treatment of any of the numerous defaulters whom the reader can recall? Prison walls do not menace them, the loss of employment need not intimidate them. What more than a temporary embarrassment need they apprehend? The companies want "business," and with good business the defaulter may secure immunity from the just penalty of his crime, and still further opportunities for "high living" at the expense of companies which appear to be willing to thus irregularly divide profits with a broker or solicitor who controls choice business.

If an example is never to be made, if a defaulter loses one agency or position only to receive eager offers of others, and forfeits neither prosperity nor the outward esteem of his confreres, it is time to know it, and to confess it, and to expect that demoralization which is inevitable. The COAST REVIEW need not record the defalcations of any culprit, if there is to be no penalty; for it becomes clear that the companies do not value the exposure, and, in the absence of punishment, any publicity given to defalcation only tempts the morally weak to emulate the bad example.

### Large Fires in the United States.

The principal fires occurring during 1886 in the United States, with losses from \$100,000 upwards, were the following. The figures are the estimated property losses:

JANUARY.	
Philadelphia.....	\$1,000,000
Detroit, Mich.....	800,000
Burlington, Vt.....	300,000
Chicago, Ill.....	250,000
St. Paul, Minn.....	250,000
Brooklyn, N. Y.....	200,000
Cincinnati, O.....	150,000
Mobile, Ala.....	150,000
Beaver Falls, Pa.....	150,000
Columbus, Miss.....	110,000
Boston, Mass.....	100,000
Albany, N. Y.....	100,000
Newark, O.....	100,000
Louisville, Ky.....	100,000

FEBRUARY.	
Wilmington, N. C.....	\$500,000
St. Paul, Minn.....	125,000
New York.....	100,000

MARCH.	
Key West, Fla.....	\$1,500,000
Akron, O.....	900,000
Buffalo, N. Y.....	550,000
Helena, Ark.....	275,000
Fall River, Mass.....	300,000
Jersey City, N. J.....	300,000
Montgomery, Ala.....	150,000
Toledo, O.....	125,000
Soleda, Cal.....	125,000
Bonne Terre, Mo.....	100,000
Brainerd, Minn.....	100,000
Frankfort, Pa.....	100,000

APRIL.	
San Francisco.....	\$950,000
La Crosse, Wis.....	550,000
New York.....	525,000
Baltimore, Md.....	300,000
Minneapolis, Minn.....	225,000
Quincy, Ill.....	175,000
Waltertown, Ga.....	150,000
Harrisburg, Pa.....	150,000
San Luis Obispo, Cal.....	125,000
Kansas City, Mo.....	100,000
Lawrence, Mass.....	100,000

MAY.	
Chicago, Ill.....	\$1,000,000
Wausau, Wis.....	225,000
Tombstone, A. T.....	225,000
Pekin, Ill.....	200,000
Fairview, Pa.....	100,000
Buffalo, N. Y.....	100,000

JUNE.	
Boston, Mass.....	\$400,000
Pittston, Me.....	250,000

Muscataine, Ia.....	\$250,000
San Francisco.....	100,000
Peoria, Ill.....	210,000
San Francisco.....	200,000
Stamford, Conn.....	200,000
New Haven, Conn.....	200,000
Independence, Cal.....	200,000
Lebanon, Pa.....	150,000
Albany, N. Y.....	150,000
New York.....	125,000
Rawley Springs, Va.....	125,000
Minneapolis, Minn.....	100,000
Mount Carmel, Pa.....	100,000
Louisville, Ky.....	100,000

## JULY.

St. Louis, Mo.....	\$500,000
Springfield, Mass.....	350,000
New York.....	300,000
Merced, Cal.....	250,000
Cohoes, N. Y.....	225,000
Gowen, Nev.....	200,000
Denver, Col.....	175,000
Roxbury, Mass.....	175,000
Romeo, Wis.....	150,000
Ravenswood, L. I.....	150,000
Franklin, Pa.....	135,000
Erie, Pa.....	100,000
Dubuque, Ia.....	100,000
Albany, N. Y.....	100,000
Muncie, Ind.....	100,000

## AUGUST.

Spencer, Wis.....	\$400,000
Poulan, Ga.....	350,000
Seabeck, W. T.....	300,000
Secret Canyon, Nev.....	300,000
Houston, Tex.....	275,000
San Francisco.....	260,000
Montrose, Pa.....	250,000
Sandusky, O.....	250,000
Tulare, Cal.....	250,000
Seattle, W. T.....	200,000
Folsom, Cal.....	150,000
South Royalton, Va.....	150,000
Earlville, N. Y.....	125,000
New York.....	125,000
New York.....	100,000
St. Francisville, La.....	110,000
San Juan, Cal.....	100,000
Hastings, Mich.....	100,000
Pittsburg, Pa.....	100,000
New York.....	100,000
Souet St. Marie, Mich.....	100,000
La Grande, Or.....	100,000
Cincinnati, O.....	100,000
Phoenix, A. T.....	100,000

## SEPTEMBER.

Hippe wa Falls, Wis.....	\$250,000
Jersey City, Mich.....	200,000
Zilwaukee, Mich.....	200,000
Freehold, N. J.....	180,000
Council Grove, Kan.....	150,000
Elgin, Ill.....	150,000

Philadelphia.....	\$110,000
Allegheny City, Pa.....	100,000
Philadelphia.....	100,000
Kansas City, Mo.....	100,000
Brooklyn, Iowa.....	100,000

## OCTOBER.

Salisbury, Md.....	\$1,000,000
Silver Bow Cañon, M. T.....	1,000,000
Eastport, Me.....	900,000
Farmington, Me.....	300,000
Oakland, Ill.....	200,000
Des Arc, Ark.....	200,000
Punxalawney, Pa.....	170,000
Chicago, Ill.....	170,000
Troy, N. Y.....	150,000
East Taunton, Mass.....	150,000
Jersey City, N. J.....	125,000
Watkins, N. Y.....	100,000
Rockford, Ill.....	100,000
Parkersburg, W. Va.....	100,000

## NOVEMBER.

Duluth, Minn.....	\$900,000
Cincinnati, O.....	625,000
Forsyth, Mo.....	300,000
Durham, N. C.....	300,000
Louisville, Ky.....	225,000
East Boston, Mass.....	200,000
Baltimore, Md.....	150,000
Buffalo, N. Y.....	150,000
Alleghany City, Pa.....	125,000
Memphis, Tenn.....	100,000
Rockford, Ill.....	100,000
Omaha, Neb.....	100,000
West Newburgh, N. Y.....	100,000
Sandusky, O.....	100,000
Portland, Me.....	100,000
Scranton, Pa.....	100,000
Philadelphia, Pa.....	100,000

## DECEMBER.

St. Louis, Mo.....	\$600,000
Brockton, Mass.....	225,000
Washington, D. C.....	200,000
Buffalo, N. Y.....	200,000
Ayers, Mass.....	130,000
Galveston, Texas.....	120,000
Philadelphia.....	600,000
Philadelphia.....	250,000

The fire brigade in a Scottish town of some renown recently so overworked themselves while practicing, or drank so much old rye, that they pumped all the cisterns dry, and were too weary at night to put their apparatus "to right." A fire on the following day, when the brigade was taking a holiday, had everything its own way. For a time the de'il was to pay; but finally, between the townsmen and the firemen, the fire was put out with casks of stout, and the town was saved.

### Chief Coast Losses.

Following is a list of Coast fires during 1886, at which the insurance loss was \$10,000 or more. There were, besides, twenty-six fires with losses from \$5,000 to \$10,000:

#### JANUARY.

Wells, Nev. .... \$17,414

#### MARCH.

Cheney, W. T. .... \$14,838  
San Francisco. .... 29,657

#### APRIL.

San Francisco. .... \$296,577  
Mohave, Cal. .... 10,780  
San Luis Obispo. .... 11,970

#### MAY.

San Francisco. .... \$31,294  
Cuffey's Cove, Cal. .... 10,000  
Tombstone, A. T. .... 60,000  
Benson, A. T. .... 11,800  
McMinnville, Or. .... 14,899  
Livingston, M. T. .... 11,350

#### JUNE.

Stanislaus County, Cal. .... \$20,000  
San Bernardino, Cal. .... 16,403  
Alturas, Cal. .... 24,000  
San Pedro, Cal. .... 10,000  
Independence, Cal. .... 84,050  
San Francisco. .... 23,150  
San Francisco. .... 89,030  
San Francisco. .... 198,000

#### JULY.

San Francisco. .... \$13,100  
San Francisco. .... 14,961  
San Francisco. .... 10,057  
Merced, Cal. .... 27,000  
Madera, Cal. .... 30,874  
Stockton, Cal. .... 13,000  
Alameda, Cal. .... 10,000  
Portland, Or. .... 14,124

#### AUGUST.

Tulare, Cal. .... \$156,959  
Stockton, Cal. .... 80,785  
San Francisco. .... 227,848  
Folsom, Cal. .... 32,000  
Secret Canyon, Nev. .... 30,000  
Seabeck, W. T. .... 29,500  
Miles City, M. T. .... 17,586  
Portland, Or. .... 12,500  
Phoenix, A. T. .... 32,752  
La Grande, Or. .... 41,200

#### SEPTEMBER.

Portland, Or. .... \$18,542  
Colusa, Cal. .... 13,515  
San Francisco. .... 11,572

#### OCTOBER.

Los Angeles, Cal. .... \$17,348  
Quincy, Cal. .... 11,892  
Butte, M. T. (near) .... 43,250

#### NOVEMBER.

La Camas, W. T. .... \$30,035  
Sacramento, Cal. .... 22,275  
Humboldt Co., Cal. .... 13,500

### Monthly Fire Losses in the United States.

The fire losses in this country by months are estimated in round numbers as follows for the years 1884-'85-'86:

	1884.	1885.	1886
January .....	\$12,000,000	\$9,500,000	\$11,250,000
February.....	7,000,000	11,000,000	6,500,000
March.....	8,500,000	10,000,000	10,000,000
April.....	10,000,000	9,000,000	8,000,000
May.....	9,500,000	10,000,000	6,500,000
June.....	7,000,000	5,800,000	9,250,000
July.....	9,000,000	9,500,000	9,500,000
August.....	10,050,000	6,500,000	12,500,000
September....	9,000,000	7,000,000	6,000,000
October .....	10,000,000	6,500,000	6,000,000
November.....	7,500,000	7,700,000	12,750,000
December.....	11,000,000	9,750,000	8,000,000

Total.... \$111,000,000 \$101,500,000 \$106,250,000

### A Plea for Life Insurance.

The importance of life insurance to all those who have others dependent upon them is so obvious that it would seem superfluous to advocate its more general adoption at the present time; and yet it is surprising how many men there are with wives and families, having an income more or less precarious, and no private means, who have not made this almost-necessary provision for those whom they might, at any time, leave wholly unprovided for. To no men do more harrowing scenes occur of widows and fatherless children left utterly destitute, than to members of the medical profession. The breadwinner has been carried off at the end, it may be, of a long illness, and after the due discharge of all outstanding bills and funeral expenses, there is found to be no policy of insurance and nothing left save household furniture. It is well, indeed, if matters are not worse than this, and the unfortunate widow left with debts to be paid. One would naturally have expected that with these harrowing

sights in recollection all such members of our profession as are wholly dependent upon it for the support of themselves, their wives and families, would have taken the precaution of having a policy in one of the many well-established life offices—which are not only willing, but anxious, to increase the number of their “assured,” always provided that the lives are fair average ones. But, as any one who reads this may ascertain by inquiry among his friends, medical or lay, life insurance is still very far from being so general as it should be. If such persons are asked why they have not become policy-holders, various reasons are assigned. For example, one probable, and apparently logical reason will be that the person questioned does not see the advantage of life insurance, since, if he should live to a good old age, his relatives will only receive what he has probably paid in premiums.

This objection is easily answered. Life assurance is a provision against the uncertainty of life; and although medical applicants are *ceteris paribus*, accepted as good lives, in no profession is the uncertainty of life more plainly illustrated than in that of medicine. Instances might be given and multiplied, but it is sufficient to say that every office could adduce cases where the sum insured has been paid within a very short period after the policy has been issued, and where only one premium has been paid.

But should the applicant live to a good old age, has he done wisely in insuring? Undoubtedly he has. If, as is now usual, he insures with profits, and in a well-established office, the policy will increase in value each succeeding year, and may become double the original amount. In either case, therefore, the taking out of a policy of insurance on his life is to every medical man a good investment; and every medical practitioner would do well to insure against accident, whereby he may receive a weekly sum in case of total or partial disablement, whilst in the event of a fatal accident, his relatives will receive the capital sum. A more general adoption of these wise—might we not say necessary?—pro-

visions for the future would render unnecessary most of those heart-rending appeals for the widows and orphans of medical men which appear so often in our columns, and those of our contemporaries.

An excellent means of promoting life insurance is by parents insuring their sons' lives as soon as they are insurable—say at the age of fifteen. The premiums are low and remain so; and when the assured is old enough to take up the policy, he may be said to have—owing to the wise provision of his father—a small capital or estate to dispose of. Should he, unfortunately, never reach man's estate, but die young, there is the capital sum to leave to parents, brothers, or sisters, instead of being wholly dependent upon them. And, like all other measures taken out in an honest spirit, life insurance brings good in its train. It inculcates habits of thrift and prudence; it compels a man to save up at least a portion of his income for others; and it affords great relief from the otherwise harassing care which must weigh upon everyone who thinks upon what will happen when he is gone, and how loved ones will be comfortably provided for.—*London Lancet*.

### The California Mutual Life Ins. Co.

#### PROOFS OF LOSS AFTER TEN YEARS.

The California Mutual Life Insurance Company was incorporated in 1867, and in 1873 reinsured in the Republic Life Insurance Company of Chicago, and assigned its assets to the latter. The California Mutual was not disincorporated, however, and while taking no new risks, kept an office open for the collection of premiums until May, 1877. James Laidley, who was insured in the company for \$10,000, died on December 10, 1876, but proofs of his death were not presented to the company or its representatives until January, 1886. Judge Maguire, before whom the case came, said: This was an unreasonable and unwarrantable delay, especially as the purpose of this proceeding is to impose the liabilities of the company upon the guarantee not-makers, who are mere sureties for the com-

pany's obligations. Notwithstanding the closing of its office and the transfer of its assets, the company had a legal and responsible set of officers and continued to be, for all such purposes at least, a valid and subsisting corporation, as has been repeatedly held in suits against this very company upon similar policies. The provision in the policy for payment, "Sixty days after notice and proof of death," was intended solely for the protection of the company and did not authorize the representatives of the policyholder to withhold such notice and proof for the period of ten years, or for any unreasonable time, without subjecting their claim to the bar of the statute of limitations.

The test of the purpose of such a clause is to consider it eliminated and ascertain upon which party the contract would bear more onerously. If the sixty-day clause were stricken out of this policy the company would be obliged to make payment immediately upon proof of the death of the insured. If proof of death had been made within a reasonable time, this clause could have had no other effect, hence its purpose is manifest and its effect is limited to that purpose.

#### The Pacific Insurance Union.

Since the organization of the Pacific Insurance Union, two years and five months ago, 168 towns on the Coast have been specially rated, or, in other words, have been given minimum rates. Of these specially rated towns, ninety-four are in California, nine in Nevada, eight in Utah, thirteen in Montana, thirty-one in Oregon and thirteen in Washington. Ten changes have been made in the general tariff established to govern districts not specially rated. In most cases that general tariff was a reduction from the former tariff.

By mutual agreement between the Pacific Insurance Union and the Western Union of Chicago, the Territories of Idaho, Montana and Utah have been placed under the supervision of the former organization. The headquarters of the surveyor for the three territories is at Salt Lake City, where he examines all the reports and accounts of

the local agents. Idaho has not been specially rated, on account of the valued policy law in force in that Territory, under which the companies decline to write on buildings.

The Pacific Insurance Union is doing a very useful work, not merely for underwriters, but for the public, in equalizing rates and actively promoting the construction of better and safer buildings. The thorough revision of rates, based on the larger experience of all the companies, is a measure of justice to property holders, and the fair rates guaranteed by the maintenance of the compact is an assurance of reliable indemnity.

The Pacific Insurance Union has unavoidably and unjustly excited the prejudice of many ill-informed people, who have concluded, without evidence, that any organization of insurance companies is a monopoly, and any compact as to rates is a compact to exact higher and exorbitant rates. But the Union is not a monopoly, for any company that can comply with the law can do business outside of that organization or within it, as it may elect; and the Union has not raised the rates, in the aggregate, but merely revised them, or adjusted them according to a more correct knowledge of the hazard. Whole blocks have been lowered in the readjustment of rates, and many individual risks, especially where the hazard has been reduced in any way, have likewise secured lower rates. In some—yes, in many—instances the rates established by the Union have been deemed too low by several offices which have positively refused to write them at the minimum rates thus established.

To underwriters themselves any talk of a monopoly, as applied to the Pacific Insurance Union, or to any insurance compact, is absurd. It is a free for all fight for business, with a State open to all reputable companies with \$200,000 or more capital. If the rates were high and profitable as alleged by the disgruntled, there would be a large accession of companies, eager for a share of the plunder: but there has been no such accession; only two or three companies have entered the State, and more have

withdrawn. The Union is a useful and a conservative organization, contributing to the welfare of underwriting interests and the reduction of the fire waste; and it deserves the support of underwriters and the encouragement of propertyholders.

### Firemen's Relief Fund Case.

Judge Maguire decided against the insurance companies in the test case brought in the name of the Liverpool & London & Globe Insurance Co., as defendant, to determine the constitutionality of the new Firemen's Relief Fund act. An appeal to the Supreme Court will follow. Judge Maguire takes the same ground as the United States Supreme Court in its decision of November 14th in the retaliatory tax case. He rules that the State has the authority to levy such a tax on premiums as this Relief Fund tax, as a sort of license fee imposed as a condition of admission to the State, or a continuance of business therein.

The companies do not object to the payment of any reasonable license-fee or tax on their premiums, payable to the State Treasurer or other specified official; but they do object to being bled by political bosses, who designed the Relief Fund as a corruption fund. The companies very properly object to being singled out to support any charitable institution, worthy or unworthy, of the State or of cities; and they do not, and should not, recognize any obligation to contribute to the maintenance of fire departments or the relief of firemen, except as tax-payers in common with other corporation or individual tax-payers.

The Relief Fund law is certainly unjust and probably unconstitutional. It is not parallel with the retaliatory law, for the latter is a license tax payable into the State Treasury, to be applied to general purposes; while the Relief Fund tax is a special tax, not for the benefit of the State or municipalities, not as an equitable contribution to the general burden of government, but to create a fund for the relief and reward of the bosses' pet lambs, who may easily be quartered upon the fire department. If the State or cities wish to support disabled

firemen or disabled policemen or worn-out employees of any grade, we shall not say nay; but let all the tax-payers contribute to that worthy end; let there be no discrimination against one class of tax-payers, as this Relief Fund law discriminates against the fire insurance companies. The law is unjust; and, if constitutional, should be repealed—less for its injustice to the companies and to insuring property-holders, than for its evil as a precedent in vicious legislation and its promotion of corruption in municipal politics.

### Mutual Fire Insurance.

President Notman of the Niagara Fire Insurance Company, is contributing a few articles on factory mutual insurance, from which we quote as follows:

The letter of Mr. Edward Atkinson of Oct. 7th, 1886, to Mr. Geo. W. Wheelwright, Secretary of the Paper Makers' Mutual Insurance Company, seems to strike a false note, or at least one not in entire accord with the usual happy strain of factory mutual insurance. It has a greater significance, may be, than one would at first hearing give it. The advance of the factory mutuals has been with such sure steps, with such confidence in their own methods, that one was hardly prepared to hear a retreat sounded from headquarters. The Secretary of the Paper Makers' Mutual Insurance Company is told "*to be prepared to take up any part of the insurance which the present factory mutual companies may drop.*" This is a confession that their methods are not faultless, and that the step by which they took up paper mills as subjects of insurance was a mistake. They ignore in all cases the experience of stock companies as being of no value to them, otherwise a leaf from their books might have saved them some loss. Stock companies have long known that there was, or is, in paper mills some occult, some undiscovered risk for which there was no equation in the rate, and hence that they did not pay. They were therefore not displeased that the factory mutuals should take them up, as that not only removed a losing class

from the operations of stock companies, but subjected such class to the keen inspection of the factory mutuals, whose ability to sight a fault I am always ready to acknowledge. Apparently they have not discovered the fault, or, if discovered, they evidently have not removed it. This retraction, this probable placing of paper-mills on the prohibited list of the mutuals, emphasizes one of the weak points of that system in its relation to the insuring public. While the system of one admirably adopted to the interests of the select few who are able to avail themselves of its advantages, it is one of seclusion and segregation. It differs from the ordinary methods of fire insurance by making a selection of risks nearly in all cases isolated, standing alone, so that no two of their risks expose one another, and by obliging the owners to bring the property to their own requirements they practically make their own risk. They insist upon an abundant supply of water, applied through perforated sprinkler pipes; and on cleanliness and careful attention to the avoidance of anything likely to cause a fire. Also that the property be sufficiently covered by insurance so that in case of loss the insurers shall not suffer from large excess of value over insurance.

Factory mutual insurance had its rise in Rhode Island. In 1835 Mr. Zachariah Allen, a mill owner of that State, attempted to make a combination among all owners for mutual insurance, but failing to do that to his satisfaction, he got up and had incorporated the Manufacturers Mutual Insurance Company of Providence, an organization which still exists with considerable vigor. The conception of the selection and classification of risks was by no means original with Mr. Allen, but the application of those ideas so as to reap all their benefits by those who might combine for that purpose was his. Classification must have originated almost with the first attempt to do insurance of any kind. The attempt to differentiate two risks was the first conception of that idea. The company or individual who first undertook to insure a planing mill or cotton gin, when comparing either of these risks with a dwelling

house, could necessarily see that the same rate of premium would not be equitable. If the dwelling was taken at a rate which was adequate for the planing mill it would be unjust to the dwelling, and if the planing mill was taken at what would be a proper rate for the dwelling it would be evident that that kind of insurance would not pay. From that starting-point the differentiation of risks as to the hazard and premium necessary to carry them would go on, becoming more extended and minute as the business grew and as experience would teach. Nevertheless the act of the man who first organized a manufacturers' mutual insurance company is entitled to high praise, as being a step in the right direction, and making more evident the necessities and advantages of strict classification. Before that time, however, experience had taught the stock companies that classification and inspection were very necessary to the proper conduct of fire insurance, and before 1835, in New York and elsewhere, a classification of risks had been tabulated into non-hazardous, hazardous, extra-hazardous and special-hazardous, and a rate fixed for each of these classes in addition to the ordinary rate of the building containing them; and as a result the tables were extensively used, in New York at least, and were printed on the backs of policies for the guidance of both the insurers and the assured.

Mr. Atkinson evidently regards stock companies as money-making concerns, carrying on a hap-hazard, hand-to-mouth, empirical business, without regard to the risks they take, except as producing so much money and involving such a probable percentage of loss in the aggregate. Even if he were correct in that estimate, there would be a certain degree of propriety in conducting business on that plane. It is simply the mode in which most of the business of the country is conducted, in all kinds and classes; and there would be the further justification of it, if any were needed, that it would be impossible to bring all the risks up to the level of the requirements of the factory mutual; and if no other companies existed but them there would be no

insurance for the million, and general business would be paralyzed for want of insurance protection. One has but to turn to the statistics of factory mutual insurance to see how very small a proportion of the business of the whole country is done by them, or could possibly be done on that system. The States of Massachusetts and Rhode Island hold nearly all the companies doing that kind of business, and a careful collation of the amount written by those companies and reported in their respective States, where probably all their business is reported, as they have no agents and write no policies out of their own offices, shows about 2 per cent. of all the risks written in the United States is carried by those companies. A very large proportion, probably one-half, of all the insured property in the United States is not now, and probably never will be, in a position to be brought under the conditions of the factory mutual insurance companies. While in the large cities it is possible, and even desirable, to introduce the sprinkler-pipe system into our stores, warehouses and manufacturing risks, yet the factory mutuals of New England very wisely, we think, for themselves, refuse to take risks where aggregating and exposing one another, and I question whether a similar system can ever be successful in insuring property in large cities, exposed as it is to extensive conflagrations.

#### Pacific Coast Fire Insurance for 1886.

Our monthly loss reports are so nearly correct that we are able to present in this number the total losses for California and the Coast in advance of the official reports. The total losses, as reported, foot up, in round numbers, \$3,265,000 for the entire Coast. To this sum we should add about seven per cent. for the small losses which are never printed, and for the few losses unadjusted at the present writing, which would make the total Pacific Coast losses about \$3,500,000, a gain of about \$770,000 over the losses for 1885. Assuming that the premium income last year was \$6,500,000, the average loss ratio was 53.8 per cent., the largest since 1871. We trust that we

have overestimated the losses and underestimated the premiums.

We print elsewhere the Coast loss record, made up from our monthly reports for the entire year, omitting the Idaho and New Mexico returns, which are small in both cases and incomplete in the latter. It is a segregation of the figures into States and Territories, San Francisco and California outside of San Francisco being given also. Adding a nominal percentage for the unreported losses, we have the following round figures as the losses by States and Territories:

San Francisco.....	\$1,225,000
California (S. F. excepted) .....	1,425,000
California's Total.....	\$2,650,000
Oregon.....	240,000
Washington.....	177,000
Nevada.....	63,000
Montana.....	179,000
Arizona.....	152,000
Utah.....	36,000
Total.....	\$3,491,000

Comparing the two years we find that the losses in San Francisco have increased about 50 per cent., while the losses outside of San Francisco in the State are but slightly greater. Oregon losses advanced about 300 per cent., and are about one-half of the extraordinary losses for 1884. Washington Territory and Utah show a slight falling off. The Nevada losses were doubled, and the Montana losses increased 65 per cent. and the Arizona losses 75 per cent.

The average month losses were \$276,732, and August was the worst month, the losses being nearly or quite \$850,000. In San Francisco there were three bad months, April, June and August.

Estimating the San Francisco premium receipts at \$2,000,000, and the losses at \$1,225,000, the loss ratio was about 61 per cent. The loss ratio for the entire State, putting the premiums at \$4,750,000, was in the near neighborhood of 55.8 per cent., or slightly more than the average for the entire Coast. These figures are approximately correct. The showing is bad as compared with the flattering record on the Coast since 1871; but it is undoubtedly better than the average for the entire country.

Pacific Coast Insurance Loss Record for 1886, by States and Territories.

MONTHS.	SAN FRANCISCO.	CALIFORNIA, EXCEPT SAN FRANCISCO.	CALIFORNIA TOTALS.	OREGON.	WASHINGTON TERRITORY.	NEVADA.	MONTANA TERRITORY.	ARIZONA.	UTAH.	TOTAL, 1886.	TOTAL, 1885.
January.....	\$ 47,877	\$ 22,321	\$ 70,198	\$ 3,507	\$ 6,155	\$18,164	\$ 7,400	\$ 1,500	\$.....	\$106,924	\$182,763
February.....	13,637	43,445	56,982	6,413	12,233	400	14,206	3,560	719	94,497	133,231
March.....	43,891	34,554	78,425	7,700	22,497	.....	11,539	.....	2,450	122,611	156,040
April.....	313,023	48,972	361,995	5,207	500	1,527	10,000	3,030	.....	382,879	138,560
May.....	40,894	52,983	93,877	38,532	12,936	.....	18,240	75,118	4,717	244,420	196,569
June.....	339,164	195,770	534,934	4,720	7,435	.....	6,601	4,900	.....	557,990	222,879
July.....	46,777	200,359	247,136	39,159	4,842	.....	26,579	14,190	.....	340,314	242,331
August.....	233,697	381,392	615,089	72,063	39,548	8,408	19,632	36,969	8,500	821,741	194,202
September.....	20,723	122,496	143,219	12,386	13,020	30,000	5,827	.....	8,900	192,346	214,616
October.....	9,661	83,511	93,172	6,824	10,350	115	46,342	500	2,961	160,264	630,638
November.....	11,799	117,602	129,401	3,834	31,755	.....	.....	.....	.....	165,490	77,998
December.....	24,697	28,309	53,006	11,798	2,916	250	.....	982	.....	68,952	101,314
Total, 1886.....	\$1,145,740	\$1,331,694	\$2,477,434	\$222,143	\$104,587	\$58,804	\$165,966	\$141,199	\$28,247	\$3,258,440	.....
Total, 1885.....	\$778,815	\$1,190,052	\$1,968,867	\$86,311	\$179,861	\$30,508	\$107,761	\$82,780	\$35,003	.....	\$2,491,131
Av'g. per mo., 1886	\$95,478	\$110,974	\$206,453	\$18,511	\$13,715	\$4,905	\$13,830	\$11,766	\$2,538	\$276,732	.....

## A Retrospect.

## RESUME OF LOCAL AND GENERAL EVENTS FOR THE YEAR 1886.

In local underwriting circles the year was uneventful, if we except the unusual fire loss and the extraordinary fires. A few companies have come and a few have gone. The Western of San Francisco was wound up, the Firemans Fund and the State Investment increased their capital, and a few changes were made in officials and general representatives. Following is a brief summary of the monthly events on the Coast during 1886:

January—L. L. Bromwell succeeds C. T. Hopkins as President of the California Insurance Co.

February—Resignation of President Harrison of the Anglo-Nevada, who is succeeded by Geo. L. Brander. The Western F. & M. Insurance Company of San Francisco winds up its affairs, and its business and remaining assets are taken over by the State Investment Insurance Company, which increases its cash capital to \$400,000. The Firemans Fund Insurance Company increases its capital to \$1,000,000.

March—Franz Jacoby and Alexander Badlam form a partnership, under the firm name of Alex. Badlam & Co. The Pacific Coast agency of the Fire Insurance Association of London is transferred from Hutchinsonson & Mann to Jacobs & Easton and W. L. Chalmers.

April—Belden & Cofran are appointed general managers of the Hartford Fire Insurance Company for the Pacific Coast, succeeding A. P. Flint, deceased. The Bancroft fire, on Market street, April 30, entails a property loss of nearly a million, and costs the companies about \$300,000. The Pennsylvania Fire of Philadelphia is transferred from Hunt & Mitchell to Brown, Craig & Co.

May—"Nothing to speak of."

June—The Vancouver (B. C.) fire costs eleven companies, represented here, \$110,400. The town was destroyed, the loss being nearly a million dollars. The Imperial agency is transferred from Robert Dickson to Geo. D. Dornin. Independence,

Cal., is burned, and the companies pay some \$55,000 to its inhabitants. The Schmitt Label Co. fire draws nearly \$200,000 of good insurance coin. The National Life Insurance Company of Vermont enters the State, under the pilotage of S. A. Mattison. Jonathan Hunt retires from business, and T. A. Mitchell succeeds the firm.

July—The Crotty conspiracy to defraud the Union Mutual Life and the New York Life insurance companies is again foiled by the courts. Commissioner Wadsworth rules that the Sun Fire Office must furnish a complete statement. The G. A. R. National Encampment brings many underwriters to the city from Eastern and Coast cities. The firm of Conrad & Maxwell is formed, representing the Oakland Home, the Traders and the Imperial for the city of San Francisco. J. L. Fogg becomes the general agent of the Connecticut Mutual Life Ins. Co. Hoyt & Mailliard form a partnership, representing the Providence-Washington.

August—The Peoples' Life and Accident Benevolent Association suspends. Henry Prindle, a solicitor for the Mutual Reserve Fund Life Association, is arrested at Antioch and taken to Portland, on a charge of embezzling \$4,000. The Pacific Insurance Union adopts a new constitution and new by-laws. A big fire at Tulare and a larger fire in San Francisco and a smaller fire in Stockton cost the companies nearly half a million dollars for the three fires. There was also a large fire at Folsom, the work of an incendiary, who was subsequently convicted, and large fires at La Grande, Or., Phoenix, A. T., Portland, Or., Miles City, M. T., Seabeck, W. T., and Secret Cañon, Nev. The total insurance losses during this "sultry" month were greater than for any month since the Virginia fire.

September—The London, Northern, Queen and Connecticut agencies are consolidated, with Robert Dickson as manager and Mr. Macdonald as assistant manager. The agency of the Prussian National is transferred from Alex. Badlam & Co. to Hirschfeld & Jacoby. The defalcation of M. A. Bates, cashier of W. J. Callingham's agency, is announced. J. J. Mack & Co., druggists, suffer a few minutes' fire; claim \$22,-

500, and accept \$5,000. Fire Marshal Durkee is succeeded by Chas. Towne. Salt Lake City capitalists organize the Home Fire Ins. Co. with \$100,000 capital. The Northwest Fire Ins. Co., a wild cat, is organized at Portland. H. C. Sigler resigns the presidency of the Southern California Ins. Co., and is succeeded by E. T. Spence.

October—The California Ins. Co. organizes a Central Department in the East. The \$2,000,000 capital of the Anglo-Nevada Assurance Corporation is fully paid up. Defalcation by R. W. Abbott, general agent of the Northwestern Mutual Life Ins. Co. for Southern California, is announced, and also a similar defalcation by W. G. Elliot of San Francisco. Benjamin Hagan of Hagan & Manheim passes away on the 31st.

November—The Pacific Surety Co. begins an accident business, in addition to its surety business. E. W. Carpenter is appointed to the general agency of the Royal, Norwich, Union and Lancashire insurance companies, succeeding Falkner, Bell & Co. Hoyt & Mailliard dissolve partnership.

December.—The dying ember of the year was a dull one, which the reader finds extensively noticed in our basket of "Chips" elsewhere.

Throughout the United States at large the year has not been especially noteworthy. There have been many large fires, and the fire loss is probably as great as or greater than it was in 1885. During the year a number of life underwriters' associations were organized, and the Charter Oak Life Insurance Company finally passed into receivers' hands. In New York, the Metropolitan Compact was organized, and its permanent success is confidently believed by the hopeful. The average fire loss ratio for the entire country will doubtless permit the payment of the usual dividends, and excite no special alarm in the minds of melancholy underwriters.

We copy the following from the *Weekly Underwriter's* review of the year:

COMPANIES ORGANIZED AND BEGAN BUSINESS IN 1886.

COMPANIES.	Sub-
	scribed
	Paid up or Nom-
	Capital. inal Cap-
	ital.
Amoskeag, Manchester, N. H.....	\$50,000 .....

Capital Fire, Concord, N. H.....	\$25,000	.....
Capitol Fire Ass'n, Nashua, N. H..	50,000	.....
Commonwealth, New York.....	300,000	.....
Fire Association, New York.....	200,000	.....
Guaranty Fire, Great Falls, N. H..	20,000	.....
Home Fire, Salt Lake, Utah.....	\$200,000	.....
Mascoma Fire, Lebanon, N. H.....	25,000	.....
Mercantile, F. & M., Washing-		
ton, D. C.....	100,000	.....
Montgomery, Montgomery, Ala.....	100,000	.....
Northwest F. & M., Portland, Or.....	200,000	.....
Northwestern Fire, Duluth, Minn	100,000	.....
Oshkosh Mutual, Oshkosh, Wis....	25,000	125,000
Packers & Provision Dealers, Chi-		
cago, Ill.....	250,000	.....
Royal, Birmingham, Ala.....	100,000	.....
Security, Mobile, Ala.....	100,000	.....
Syndicate Fire, Minneapolis, Minn	250,000	.....
Watertown Fire, Watertown, Dak.....	100,000	.....

Totals.....\$1,295,000 \$1,025,000

#### COMPANIES PROJECTED OR ORGANIZING.

	Proposed Capital.
Alliance Insurance Association, New York.	\$200,000
Arkansas Fire, Little Rock, Ark.....	500,000
Atlantic Ins. and Banking Co., Atlanta, Ga	200,000
Austell Fire, Atlanta, Ga.....	200,000
Capital, Topeka, Kas.....	100,000
Citizens' Fire, Dover, N. H.....	*25,000
Conservative, Fargo, Dak.....	50,000
Equitable Fire, Meriden, Miss.....	100,000
Fidelity Fire, Huron, Dak.....	100,000
Georgia Fire, La Grange, Ga.....	100,000
Independent, New York.....	300,000
Irish-American, New York.....	1,000,000
Iron and Oak, Birmingham, Ala.....	200,000
Island Home, Knoxville, Tenn.....	200,000
Liberty, New York.....	1,000,000
Lincoln, Lincoln, Neb.....	100,000
Macon Fire, Macon, Ga.....	100,000
Mexican Gulf, New Orleans, La.....	*500,000
Pacific Fire, Pierre, Dak.....	100,000
Protection, New York.....	300,000
Revolution, Huron, Dak.....	100,000
Safe, Des Moines, Ia.....	100,000
Western Fire and Marine, Sioux Falls, Dak	250,000

Totals.....\$5,925,000

\*This amount has already been subscribed towards the capital of the company.

†This project has probably been abandoned. The promoters are well known undergrounders or "buzzards."

In addition to the above, projected companies are reported at Kansas City, Mo., with \$250,000 capital; Lynchburg, Va., with \$200,000 capital; and at Rochester, N. Y., \$200,000 capital. An attempt to form an international company with some such name as the New York and London was recently reported.

The organization of a number of mutnals have been reported during the year, among them the Paper Mill Mutual of Boston, to insure paper mills and similar risks, and the Fertilizer Manufacturers Mutual Fire of Baltimore.

The Merchants of Bangor, Maine, was organized and began business for marine and inland insurance, with \$100,000 capital. The International Hail of Denver, is a projected mutual, and the Southern Live Stock of Atlanta, the Colorado Live Stock of Loveland, Col., the American Live Stock of St. Paul, with a reputed capital of \$200,000, and the Phoenix Live Stock of Minneapolis, Minn., with \$200,000 reputed capital have been reported.

#### INCREASE OF CAPITAL IN 1886.

Companies.	From	To
American Fire, Philadelphia.....	\$400,000	\$503,000
Firemans Fund, San Francisco..	750,000	1,000,000
Grand Rapids Fire, Grand Rapids		
Mich.....	100,000	200,000
People's Fire, Manchester, N. H.	100,000	250,000
State Investment, S. F., Cal.....	200,000	400,000

Totals.....\$1,550,000 \$2,350,000

The new Commonwealth Insurance Company of New York is taking subscriptions for an increase of its capital from \$300,000 to \$500,000, and the directors of the Union of Philadelphia have voted to increase that company's capital from \$375,000 to \$500,000 after January 1. The Fargo of Dakota (underground) is reputed to have increased its capital to \$150,000.

The capital of the American Steam Boiler Insurance Company of New York was increased from \$200,000 to \$500,000.

#### COMPANIES CEASED DOING BUSINESS IN 1886.

Companies.	Paid-up Capital.	Re-Insured by
Re-Assurance, N. Y. \$200,000	United Fire	Re-insurance of England.
Star Fire, N. Y.....	500,000	Westchester Fire, N.Y.
Trade, Camden, N.J.	150,000	German-American, N.Y
Western F.&M., Cal.	200,000	State Investm't, S. F.

Total.....\$1,050,000

The Sun Mutual of New York, a marine insurance company with \$500,000 capital, the Great Western of New York, a marine company with \$662,080 capital, and the Orient Mutual, a marine company with \$450,000 capital, also retired from business during the year.

#### OFFICIAL CHANGES IN LIFE AND ACCIDENT INSURANCE COMPANIES IN 1886.

Life Insurance Company of Virginia, G. A. Walker elected president; George Thornton elected vice-president and manager.

Manhattan Life of New York, James M. McLean elected president, succeeding Henry Stokes, resigned.

Massachusetts Mutual Life, M. V. B. Edgerly elected president, succeeding E. W. Bond; Henry S. Lee elected vice-president; L. J. Powers elected treasurer.

Mutual Life of Kentucky, Charles D. Jacobs elected president, succeeding John B. Temple, deceased.

Penn Mutual Life, Edward M. Needles elected president, succeeding Samuel C. Huey, deceased.

Standard Life and Accident of Detroit, Stewart Marks elected secretary, succeeding C. C. Bowen, resigned.

United States Life of New York, George H. Burford elected president, succeeding Timothy H. Brosnan, deceased; William L. Stauden appointed actuary.

#### Stated Surrender Values and their Public Attraction.

The question as to what can fairly be paid the insured as a surrender value on his policy, at any given time subsequent to his date of entry, presents many seeming difficulties to be met, but only so as it attempts to approach mathematical exactness. There is no doubt that there is a growing demand on the part of the public for surrender values specifically stated, so that they may know to a certainty the exact value of their policies when they choose to surrender them. It is also true that many men are disinclined to insure, solely because of the lack of such knowledge.

There is but one source from which a surrender value can be evolved, and that is from the reserve standing to the credit of the policy. But there are valid reasons why the entire reserve should not be available for this purpose. To begin with, the insured is a party to a contract which shall either terminate at his death, or at the end of a specified term. If he forfeits

this contract, he should be made to pay a penalty therefor in accordance with the loss his forfeiture may incur. The State fully recognizes this fact in the non-forfeiture law applying to extended insurance, and allows the insured two-thirds of the reserve as his equity in the changed condition of the contract.

But this same rule would not apply to surrender values at all ages. It is obvious, too, that the individual who has been longest insured should receive a larger percentage of his reserve than one who has continued but a few years. A surrender value, then, would have to be fixed upon a sliding scale adjusted to all ages. It would likewise have to take into account the fact that a much larger number of healthy lives would surrender than would be the case in that of impaired lives, and that from this fact would arise a selection against the company in the mortality which should be met by a tax on the retiring members who thus caused it.

It is apparent, then, that an arbitrary value can be fixed upon the policy at the time it is written, though it does not follow that it will be an exact value. What that value may be it is not the purpose of the present article to discuss, but it is assumed that it will be fixed at a safe limit to protect the company's interests against any ordinary contingency that might arise. It may not give the policyholder as large an amount as the future experience might warrant, but it satisfies him as to a specific amount that he will receive, and so settles all doubts he may have on that score.

The reserve standard will never be smaller than it is at the present time. All signs point to the fact that it will be larger. A surrender value, then, based on the present legal reserve, would be amply safe for the company, and equally satisfying to the policyholder. In no case, however, should it approach so closely to the full amount of reserve as to constitute a temptation to forfeit the policy. The insured should be made to feel at all times that it is more for his benefit to stay in than to get out. Were it otherwise a great financial stringency, or panic, such as is liable to occur at

any time, might cause a wholesale run upon the life companies similar to those that sometimes occur to the banks, and lead to such a disturbance of the equilibrium of the business as to seriously affect the interests of the remaining policyholders.

Again, the surrender of policies on too advantageous terms would work directly against the interests of the companies, by enabling agents to induce policyholders to abandon one company and take up with another. It might make no difference to the individual, but it would make a marked difference to the companies in making changes without any corresponding benefit. While not advocating radical changes, or an approach to mathematical exactness, it is a reasonable proposition that a conservative limit can be safely fixed upon. Let it remain with the public to decide whether they will accept a fixed surrender value policy which may or may not be worth more than the stipulated price when the time arrives, or a policy wherein the value shall be left to be decided upon at that time. There is but little doubt with the majority of insurers the former plan would meet with the greatest favor.

The greatest objection offered to the plan thus far, arises from those that believe that the value fixed upon should be mathematically exact; that to pay more than that value would be reckless, and to pay less extortionate; but this is hardly a correct view of the case. The public, as a rule, prefer certainty to uncertainty—even if the first does not fully comprise the true value. Besides, we have a parallel case where the insured is given the option of participating or non-participating policies.

Natural competition between companies can hardly be relied upon in the matter of surrender values. A company that is to-day paying the largest percentage of the reserve to its retiring members may in a few years be paying the least. What a company has done in the past is no criterion of what it may be able to accomplish in the future; but each and every one of them can safely fix upon a limit, and state that limit in the policy when written. The surrender value should not be held out as an inducement,

but only as a guarantee of what will be granted in case misfortune should overtake the applicant.

It would be poor policy to so conduct a business as to render it liable to destruction through some weak point in its construction. At the same time, it is right and proper to meet every reasonable demand of the customer, when such demand can be safely complied with.

Taking a purely conservative view of the matter, it presents no difficulties that cannot be properly met. The non-forfeiture law is not always productive of actual equity, yet it gives a definite knowledge that is far more satisfactory to the insurer than the former practice, and the same would be equally true of stated surrender values made general in all cases.—*The Review*.

### A Warning to Agents.

The courts have in several recent instances held agents responsible for losses occurring under policies which their principals, the companies, had ordered canceled. The failure to cancel is not an intentional disobedience of instructions, but a postponement until the more convenient season, or until a remonstrance can reach the head office. The *Monitor* of last month says, relative to this topic:

"The Phoenix Insurance Company last year notified its Burlington agent to cancel a risk which he had just written. On the following day he prepared a policy in the *Zetna*, of which he was also agent, to take its place, but there let the matter rest for five days. Then a fire took place, and of course there was nothing for the company to do but to pay the loss. But a suit for damages was begun against the agent for his failure to obey instructions. The latter contended that such directions are generally understood as orders to cancel as soon as convenient, which means in from five to ten days. The Supreme Court of Massachusetts, which decided the case a few weeks ago, held that such evidence was inadmissible. Upon receiving the company's letter it was the duty of the agent to use reason-

able diligence in notifying the insured and canceling. Five days was not reasonable diligence where the notification could have been given in half an hour.

"The lesson is a salutary one to agents generally. They are as fully obligated to act promptly under their instructions and are fully as responsible for failure as are the two principals themselves. It is hard for an agent to be compelled to pay his company's loss, but it is hard, too, for the company to find itself called on to settle a loss where it supposed the policy was canceled according to its instructions."

### Life Insurance.

The following is taken from an interesting paper by W. D. Harrah, read at a recent meeting of the Michigan Life Insurance Agents' Association. The subject is discussed in a manner adapted to the popular understanding:

#### ORIGIN.

The famous John DeWitt of Holland, was the first scientist to apply mathematical calculations to the valuation of human life, in 1660. The distinguished astronomer Halley constructed a table of mortality in 1687, which he formulated from a series of life Registers kept by Dr. Neuman of Breslau, Germany. He shed the first clear light on the science of life contingencies. Dr. Price's Swedish Table, in 1760, was the first national life table ever made. In 1761 appeared his celebrated Northampton Table, which was adopted by the Equitable Life of London on its establishment in 1762. Actuary Joshua Milne, constructed the Carlisle Table on the mortality for the nine years between 1779 and 1787. It has been a continuous legal standard in the courts in England and in this country. Actuary Griffith Davies of London, constructed the Equitable Table on the experience of that company from 1762 to 1829. The Actuaries' Table, constructed on the experience of seventeen English companies by a committee of eminent actuaries, was published by actuary Jenkin Jones in 1843. It is a recognized standard throughout the world. Dr. Farr's English Table in 1844, and the American Experience Table of 1868,

by Sheppard Homans, and the new Actuaries' Table, constructed in 1869 by a committee of English actuaries from the experience of twenty British life companies—added to the former, and all taken together, embracing more than two centuries of experience, unveil the natural workings of that mortal law which circumscribes and limits the bounds of human life.

#### LAW OF AVERAGE MORTALITY.

The mortality tables have revealed the law of average scientifically, and demonstrated the fact that nothing is more certain than average lifetime, or more uncertain than the duration of individual life. These tables settle the assumed yearly mortality among 1,000 persons or more, from age 20 to 100, and the companies provide for this mortality in their table rates, and the actual mortality outgo will be exactly the same, upon the same ages, for the same time, in every company using the same precautions of selection, no matter what the form or kind of insurance. The Almighty has fixed the present value of \$1,000 on every sound, healthy life, and by association of a minimum number of persons the burden of risk or cost of insurance is easily ascertained. From long experience and observation the law of average is so well settled that we can certainly decide mathematically the safe yearly cost of insurance at any age, or for a limit of years, or for a single payment, either of which, according to the conditions of payment, will be the present value of \$1,000 at the end of all the lives.

### Liability of Directors.

Judge Tuley, in the Chicago Circuit Court, last month, made an important ruling as to the liability of directors of an insurance company. Negligence had been charged against the directors and the receivers of the Chicago Life Insurance Company, and a creditor, Stephen D. Fischer, proceeded against them in behalf of the creditors. Judge Tuley's ruling was substantially as follows:

The Chicago Life Insurance Company was organized in 1867 with a subscribed capital of \$100,000, which was subsequently increased to \$125,000, and con-

tinued till July 7, 1877, on which date, upon the petition of the State Auditor, a receiver was appointed. This receiver now brings this bill against the defendants, who were members of one or more of the Boards of Directors from 1871 to 1877, seeking to make them liable for the deficiency of the assets, and to pay the liabilities of the corporation, estimated by the receiver to be over \$374,000. The bill charges that the defendants occupied a trust position toward the company and its policyholders, and that in the performance of their duties as directors they were guilty of such negligence and breaches of trust as rendered them liable for the loss of such policyholders and other creditors of the company. The allegations of the bill, which are admitted by the demurrer to be true, are numerous. False annual reports had been printed and presented to the State Auditor. "In the opinion of the Court," said Judge Tuley, "it was the duty of the directors to know that these annual statements were false, and their failure to detect this fact was gross negligence on their part. The defendants must answer the charges in the bill within thirty days."

### Months, States and Fires.

Examination of the monthly averages of fire losses in the different States for a period of ten years, as recorded in *The Chronicle Fire Tables*, reveals some peculiarities as respects months, States and fires.

For example, Georgia, Illinois, Iowa and Nebraska have lost more property by fire in January than in any other month. Connecticut, New York and Vermont have had their worst experiences in February. Minnesota, South Carolina, Tennessee, Virginia and West Virginia have found March to be the hottest month. Delaware, Indiana, Missouri and Pennsylvania have lost most heavily in April. Colorado, Michigan, New Hampshire and Wisconsin have had their excessive scorplings in May. Ohio and Oregon have had their biggest bonfires in July. California alone has found August the hottest month. Maryland and Rhode Island have flamed most destructively in

September. Kentucky alone has had its largest losses in October. Florida, Kansas and New Jersey have suffered chiefly in November. And eight States—Alabama, Arkansas, Louisiana, Maine, Massachusetts, Mississippi, North Carolina and Texas, have wound up the years, averagely speaking, with red hot Decembers.

Of all the months December has been the most unkind to the largest number of States, and March ranks next. January, April and May have afflicted the same number each. June has been the kindest to all, and no State has reasonable ground to complain of June as against its sister months. Indeed, to June is to be awarded high praise as the best friend of all the months to property owners and fire underwriters alike. The fire record of ten years points toward June as a period of comparatively few fires and light losses.

If we divide the months into seasons, we find that the fire wave has reached its highest point in fifteen States in winter, in thirteen States in spring, in three states in summer and in six States in autumn.

Undoubtedly some of these States have suffered great conflagrations in certain months which have been sufficient perhaps to disturb the average even of so considerable a period as ten years. But it is not probable that such has been the case in many instances, and it is altogether likely that the average monthly results which we have noted have been due to physical causes. What are those causes? Well, that is a question to be answered.—*The Chronicle*.

### He Talked Shop.

"Are you in?" asked the dealer, as he held the cards impatiently and looked at the insurance agent.

"In?" drawled the representative of insurance, as he scanned the bits of paste-board and discovered a small pair; "yes—in, sure!"

"Then stop talking shop, and put up two chips!" the dealer ejaculated with scorn.—*Insurance Record*.

The Mutual Life, of New York, will enter Prussia.

## The Oakland Home Insurance Company.

The first company to publish a statement of its business for 1886 and a summary of its condition on January 1st of the present year, as the law directs, is the Oakland Home Insurance Company, of Oakland, Cal. A very prosperous year has enabled the company to add some \$20,000 to its assets, and increase its net surplus \$7,650. The gain in premium income was \$51,188, or 34 per cent. over the previous year. Notwithstanding the large gain in premiums, the losses were but a trifle greater than the losses on the smaller business of 1885. The loss ratio was 46.4 per cent.—a favorable falling-off of about 10 per cent. The usual dividends were paid.

From the statement printed elsewhere we extract the following figures: The assets are \$342,038.30, of which \$88,000 is unincumbered real estate, and the remainder is cash, government bonds and loans on first-class bonds and mortgages. The reinsurance reserve is \$97,994, and adding this sum to the capital and the net surplus, we have \$319,631 as the surplus to policy-holders. The net premium income was \$199,740.80, the largest since organization, while the losses paid were \$92,882.46. The total income was \$212,063.87, and the total outgo \$187,316.25.

## FIRES.

The following are the monthly losses on this Coast, as reported to the COAST REVIEW, for 1883, 1884, 1885 and 1886:

	1883.	1884.	1885.	1886.
January.....	\$275,553	\$146,281	\$155,218	\$106,924
February....	119,008	211,911	131,626	94,497
March.....	122,898	106,975	159,551	122,611
April.....	51,665	175,104	136,542	382,879
May.....	145,579	129,797	192,321	244,420
June.....	141,927	144,851	228,681	557,990
July.....	431,565	190,007	242,331	341,337
August.....	344,055	417,388	194,202	821,741
September...	109,502	309,303	214,616	192,760
October.....	174,753	139,488	630,638	156,600
November...	251,403	136,814	77,998	160,100
December...	74,298	170,318	101,314	83,486
Totals.....	\$2,327,926	\$3,278,488	\$2,465,038	\$3,265,345

## California.

September 17, Snelling, frame dwelling:  
Commercial.....\$500.

September 9, Nevada City, boots and shoes:

Commercial.....\$1,350

November 19, Sacramento, Capitol Woolen Mill:

State Investment.....\$1,980

St. Paul.....2,475

November 27, Cherokee, near Chico, merchandise:

State Investment.....\$1,000

Firemans, New Jersey.....1,000

Continental.....1,000

November 14, Sacramento, furniture stock:

Connecticut.....\$ 666

Home Mutual.....1,367

Franklin, Philadelphia.....666

American, New Jersey.....666

November 14, Sacramento, brick dwelling and contents:

Liverpool & London & Globe.....\$949

November 13, Sacramento, dwelling:

State Investment.....\$1,000

December 1, Tulare, threshing outfit:

State Investment.....\$1 179

American Central.....1,250

Amazon.....1,250

December 14, Sacramento, merchandise and harness:

Home & Phoenix.....\$230

Caledonian.....100

December 31, Sacramento, millinery:

Etna.....\$202

Commercial Union.....252

December 17, Sacramento, saloon:

New York Underwriters' Agency.....\$294

December 24, Lathrop, general fire:

Southern California.....\$ 683

State Investment.....1,163

Firemans, New Jersey.....1,000

Caledonian.....116

December 25, Contra Costa county, merchandise:

Home Mutual.....\$925

December 4, Santa Clara county, frame barn and hay:

Liverpool & London & Globe.....\$600

December 9, Stockton, school-house:

State Investment.....\$148

Oakland Home.....148

**California.**

December 1, Bodega, saloon:  
Pacific.....\$573

December 19, Santa Clara county, frame  
stable:

Liverpool & London & Globe.....\$1,300

December 26, Butte county:  
Commercial Union.....\$400

December 6, Monterey county, frame  
barn and hay:  
Liverpool & London & Globe.....\$250

December 25, Lincoln, frame dwelling:  
Home & Phoenix.....\$800  
North British & Mercantile.....\$970

December 10, Oakland, buildings:  
State Investment.....\$750

December 1, Sonoma county, dwelling:  
Home Mutual.....\$700

December 15, Oakland, merchandise:  
State Investment.....\$625

December 7, Knights Ferry, dwelling and  
contents:  
Firemans Fund.....\$2,600

December 7, Benicia, Tehama county,  
frame dwelling:  
California.....\$1,200

December 7, Woodbridge, dwelling:  
Firemans Fund.....\$246

December 2, Newcastle, dwelling:  
Lion.....\$100

December —, Fresno, frame lodging house  
and contents:  
Phenix, Brooklyn.....\$1,564

December 8, Oakland, grocery:  
New Zealand.....\$400

December 18, Tulare, Chinese school-  
house:  
London & Lancashire.....\$400

December 29, Fresno county, storage-  
house:  
Phenix, Brooklyn.....\$310

December 7, Berkeley, dwelling:  
Lion.....\$100

December 25, Fresno, dwelling and con-  
tents:  
Imperial.....\$180  
London, Northern & Queen.....545

December 3, Colton, dwelling:  
Connecticut.....\$302

December 14, Los Angeles, restaurant:  
Sun, San Francisco.....\$466

December 11, Oakland, furniture stock:  
Connecticut.....\$400

December 8, Nelson, dwelling:  
Oakland Home.....\$300

December 20, San Rafael, dwelling:  
North British & Mercantile.....\$1,653

December 18, Tehama county, barn:  
Connecticut.....\$1,080

December 24, Marysville, dwelling:  
North British & Mercantile.....\$100

December 20, Sonoma county, dwelling:  
Connecticut.....\$450

December 7, San Francisco, candle fac-  
tory:

New York Underwriters.....	\$326
Traders.....	186
Imperial.....	233
Lion.....	186
New Zealand.....	233
Firemens, Baltimore.....	186
Union, N. Z.....	186
South British & National.....	186
Sun, S. F.....	186
Svea.....	279
Oakland Home.....	186
Traders.....	186
Niagara.....	233
State Investment.....	233
City of London.....	186
North German.....	279
California.....	233
Queen.....	233
Firemans Fund.....	233
Clinton.....	186
Boston Underwriters.....	140
Fire Ass'n, London.....	233
Springfield.....	233
Connecticut.....	186
Howard.....	279
Michigan.....	140
Scottish Union & National.....	186
Seven other companies.....	651

Total .....\$6,240

December 11, San Francisco, dwelling:  
Hamburg-Bremen.....\$300

December 23, San Francisco, dwelling:  
Phenix, London.....\$200  
London & Lancashire.....300

December 23, San Francisco, dwelling:  
Boylston.....\$100  
National, Ireland.....250  
Atlas.....250

December 2, San Francisco, frame build-  
ing:

National, Ireland.....	\$522
Atlas.....	522
Boylston.....	522

**California.****December 17, San Francisco, carpets:**

New Zealand.....	\$511
National, Ireland.....	639
Atlas.....	511
Boylston.....	511
Commercial.....	383
Fire Ass'n, Phila.....	510
Commercial Union.....	255
California.....	255
Anglo-Nevada.....	639
Liverpool & London & Globe.....	511
New Zealand.....	511
Hartford.....	639
Oakland Home.....	255
Traders.....	255
Security.....	319
Providence-Washington.....	319

Total .....\$7,027

**December 29, San Francisco, frame building:**

Anglo-Nevada.....	\$125
South British & National.....	125

**December 14, San Francisco, butcher shop:**

Hamburg-Bremen.....	\$475
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**December 1, San Francisco, frame laundry:**

Hartford.....	\$723
South British & National.....	722
City of London.....	722

**November 15, San Francisco, dwelling:**

N. Y. Underwriters.....	\$182
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**December 20, San Francisco, frame building:**

South British & National.....	\$425
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**December 17, San Francisco, merchandise in brick:**

Liverpool & London & Globe.....	\$500
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**December 2, San Francisco, paints, etc.:**

Phenix, Brooklyn.....	\$1,185
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**December 18, San Francisco, frame dwelling:**

Liverpool & London & Globe.....	\$425
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**December 18, San Francisco, frame building and contents:**

Southern California.....	\$625
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**December 14, San Francisco, provisions:**

Sun Mutual.....	\$580
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**December 2, San Francisco, stock of crockery:**

Home & Phenix.....	\$1,400
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**December 7, San Francisco, contents of building:**

Union, New Zealand.....	\$150
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**December 14, San Francisco, frame building:**

London & Lancashire.....	\$300
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**Nevada.****December 3, Tuscarora, lodging-house:**

Lion.....	\$250
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**Washington.****December 7, Steilacoom, furniture and apparel:**

California.....	\$500
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**December 23, Spokane county, dwelling:**

Hartford.....	\$650
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**December 11, Walla Walla, dwelling:**

Commercial Union.....	\$1,100
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**December 16, Olympia, dwelling:**

German-American.....	\$666
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**Oregon.****December 15, East Portland, university brick building:**

New Zealand.....	\$4,000
Phenix, London.....	2,932
London, Northern & Queen.....	1,466

Total .....\$8,398

**December 27, Portland, merchandise:**

Commercial.....	\$3,000
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**December 30, Umatilla county, school-house:**

Phenix, Brooklyn.....	\$400
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**Arizona.****November 20, Phenix, adobe drug store:**

South British & National.....	\$300
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**December 27, Prescott, assay office:**

Orient.....	\$250
Lion.....	250

**December 26, Tucson, saloon:**

Svea.....	\$182
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**New Mexico.****December 7, Sands Station, building:**

California.....	\$500
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Grand Total.....\$83,486

**SIFTINGS.**

Buenos Ayres has a life insurance company called La Previsora, which recently made its first report. During the year 392 policies were written for \$2,598,574, and a dividend of 12 per cent. to stockholders declared.

Baltimore now has a life underwriters' association.

French ingenuity "takes the cake." A French accident insurance company has begun the fixing of automatic distributors of accident insurance tickets. Its prospectus says: "By this ingenious apparatus the workman and the commercial man, in fact everybody, while going to his daily occupation can take for one penny (*deux sous*) a ticket which will assure him against accidents of all kinds for the day." Then as another novelty it says—"The tickets when out of date, and after having been used as insurance against accidents, are not useless; they become investment certificates in the hands of their possessors, and it is only necessary to take one hundred of them to the chief office of the society, or to one of its representatives (*contrôleurs*), to obtain in exchange a certificate for one hundred francs, free from any liability, payable at a fixed date, or earlier by means of monthly drawings."

A man on the Brooklyn bridge carelessly threw a burning cigar stump over the parapet. It fell upon a barge loaded with cotton, and ignited it, causing a loss of \$2,000.

The Alliance Assurance Company, of London, will probably enter the United States in the near future.

The Hanover Fire Insurance Company of New York is about to establish a branch in England, where it will do a direct business. We shall observe its reception with interest. Will it be welcomed?

At a recent fire in London, termed "the annual conflagration," some fifteen or twenty buildings, covering an area of 100 feet square, were totally burned or badly damaged. Twenty steam engines were on hand and poured "volumes of water" into the burning buildings, but the fire finally burned itself out. The buildings were brick and stone, with numerous areas between; but the boasted London fire brigade could not check the fire. We fancy that the "volumes of water" existed only in the minds of the reporters; for the London hose is small and the nozzle slightly larger than a dipper handle.

A speaker at a recent meeting of the Insurance Institute, of Victoria, said: "What Sedan was to the Second Empire on the 1st September, 1870, the breaking up of the tariff on 1st September, 1882, was to the cause of fire insurance in this colony. Whilst the tariff lasted, the rates obtained were such as to leave a margin for the creation of a reserve fund, but during these last four years it has been a hand-to-mouth existence. Where dividends have been paid it has not been out of the profits of fire underwriting, but out of interest on capital or out of the savings that were laid by whilst the tariff existed. In the scramble that has been going on, the rate of premium has been too often the last thing thought of; the object being to secure the risk, no matter at what price, or on what scale of allowance to the agent or broker."

The American Live Stock Insurance Co., with an alleged capital of \$100,000, is reported at St. Paul, Minnesota.

Liverpool, England, suffered the largest fire since 1847, on December 24th. The loss is estimated at \$2,000,000.

Eastern papers contain accounts of the suicide of a man named Tyler, who was insured for \$315,000, at Norwalk, Conn. The most of the insurance was in assessment companies.

### CHIPS.

—The American Fire Insurance Company of Philadelphia entered their enlarged and handsome offices in that city a few days ago.

—According to the *Lance* of Salem, Or., the State Insurance Company got a blind man to sign (with his mark) a receipt which his wife had refused to sign. This receipt was for the loss in full and expressed satisfaction in a stereotyped form. The policy called for \$2,000, the company paid \$400.80, and advertised that it had paid \$628.50. The blind man's wife thereupon wrote a letter exposing and denouncing the Salem swindle.

# OAKLAND HOME

*Insurance Co., of Oakland, Cal.*

SEVENTH ANNUAL STATEMENT, JANUARY 1, 1887.

**Cash Capital, \$200,000 00.**

## ASSETS

Real Estate owned by Company, unincumbered.....	\$ 88,000 00
Loans on Bonds and Mortgages.....	54,044 31
United States Bonds.....	55,166 66
Cash in Company's Office and in Banks.....	54,266 57
Interest Due and Accrued on all Stocks and Loans.....	311 60
Interest Due and Accrued on Bonds and Mortgages.....	1,363 72
Premiums in Course of Collection.....	73,071 79
Due from other Companies for Re-insurance, Premiums and Brokerage.....	15,813 65
	<u>\$342,038 30</u>

## LIABILITIES

Losses in Process of Adjustment.....	\$ 11,440 59
Cash Dividends Remaining Unpaid.....	499 00
Commissions, Brokerage and other Charges Due and to become Due.....	4,267 70
All other Claims Against the Company.....	6,149 69
Re-insurance Reserve.....	97,994 10
	<u>\$120,351 08</u>

Capital Stock.....	200,000 00
Surplus over Capital and all other Liabilities.....	21,687 22
	<u>\$342,038 30</u>

## INCOME

Net Cash actually Received for Fire Premiums.....	\$ 199,740 80
Received for Interest on Bonds and Mortgages.....	5,231 17
Received for interest and Dividends on Stocks and Bonds.....	2,250 00
Received from Rents and other Sources.....	4,841 90
	<u>\$212,063 87</u>

## EXPENDITURES

Net amount paid for Fire losses.....	\$ 92,882 46
Dividends to Stock-holders.....	12,056 00
Paid for Commissions or Brokerage.....	30,600 00
Paid for Salaries, Fees and other charges, for officers, clerks, etc.....	22,269 20
Paid for State, National and Local Taxes.....	3,650 82
All other Payments and Expenditures.....	25,857 71
	<u>\$187,316 25</u>

## COMPARATIVE

Net Premium Receipts, 1880. . . . .	\$ 43,767 36
Net Premium Receipts, 1881.....	57,846 01
Net Premium Receipts, 1882.....	100,346 39
Net Premium Receipts, 1883.....	145,962 61
Net Premium Receipts, 1884.....	174,788 73
Net Premium Receipts, 1885.....	148,552 71
Net Premium Receipts, 1886.....	199,740 80

WM. P. JONES, PRESIDENT.

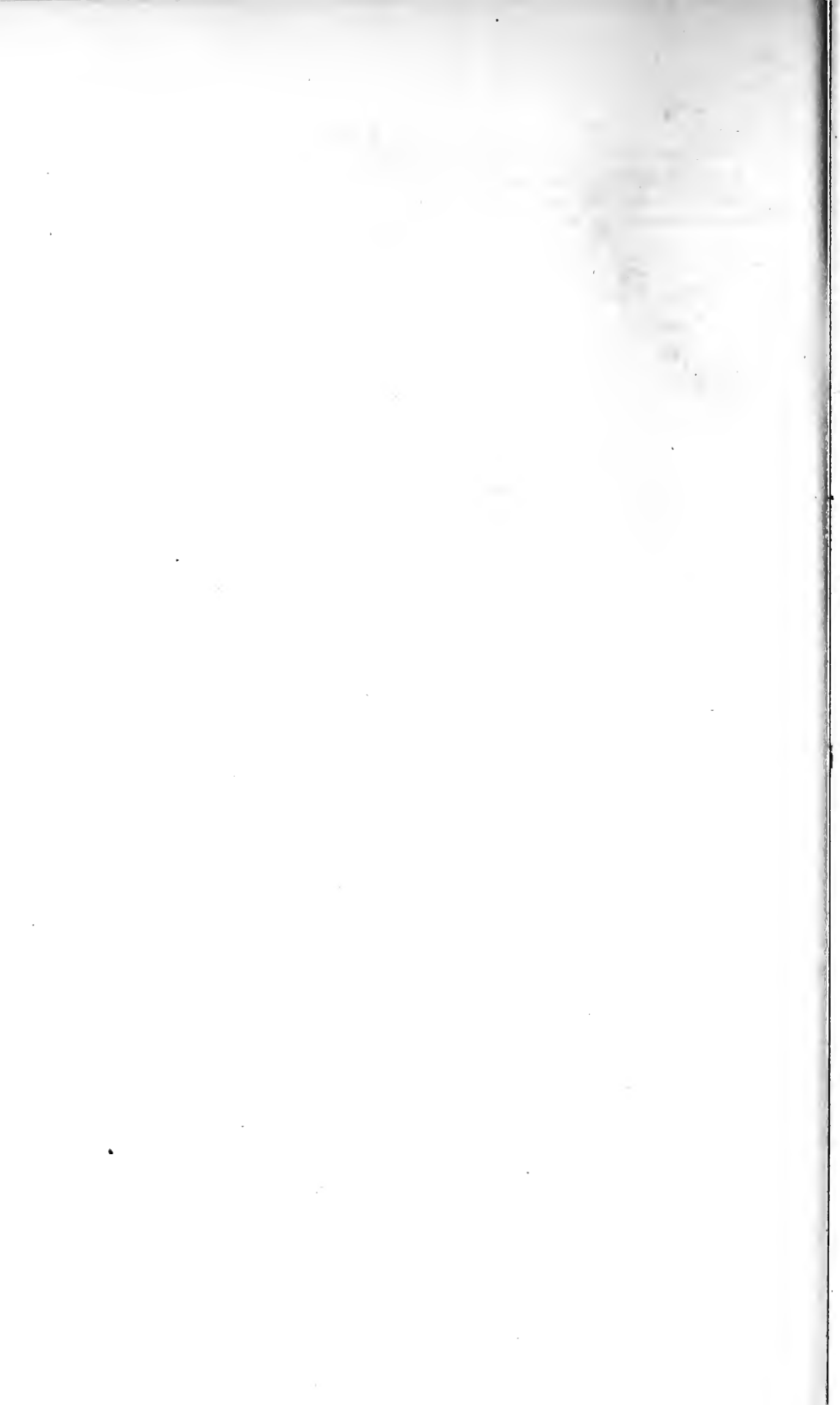
WM. F. BLOOD, SECRETARY.

J. S. EMERY, VICE-PRESIDENT.

*PRINCIPAL OFFICE, COMPANY'S BUILDING,*

Northwest Corner Washington and Ninth Streets.

OAKLAND, CAL.



—E. Oldendorff, of Portland, Or., remembered the COAST REVIEW and other friends very pleasantly last month.

—"No calendars distributed at this office," is displayed on the doors of many insurance offices in this city.

—A very large crop of life underwriters' associations has sprung up like mushrooms over all the United States, from Boston to San Francisco; but the only one that appears to have amounted to much is that in Boston.

—Henry E. Williams, acting manager of the National Insurance Company of New Zealand, is stopping at the Palace Hotel. Mr. Williams and Mr. Macpherson of the South British Insurance Company are inspecting the United States agencies of the companies.

—John R. Hillman has been promoted to the position of manager of the San Francisco branch of the Southern California Insurance Company of Los Angeles. Mr. Hillman has been in the employ of the company since its organization, and has by his industry and careful attention to the company's interests proved himself worthy the recent promotion.

—For the next four or five months we shall review the annual statements of numerous companies. These reviews can be made more interesting than mere analyses of the chief figures, if the officers interested will supply us with the needful points as to methods or practices which may distinguish them or special features which are regarded as elements of strength and popularity.

—A prosperous mechanic, accompanied by his wife, stepped into the office of a hat-passer in this city last month and paid the last assessment on his \$5,000 certificate. Turning to his wife, as they were leaving the room, he proudly said: "It is not many men who can carry that amount of insurance. Did you notice the attention I attracted from the manager and clerks? One of them made some complimentary remark, which I did not quite understand; did you?" "Yes," said she. "He said, 'a fool and his money are soon parted.'"—*Adapted.*

—Cobb, Winne & Co. of Denver are succeeded by Cobb, Winne & Wilson.

—Alexander Stoddart, Manager of the New York Underwriter's Agency, visited San Francisco last month.

—J. T. Dargan and Sam, P. Cochran, of the general insurance agency of Dargan & Trezevant of Dallas, Texas, are visiting San Francisco.

—There have been several defalcations in San Francisco insurance offices lately, besides those already mentioned in these columns. We intend to publish the facts as soon as our information is complete enough to warrant it. "Turn the rascals out."

—Superintendent of Agencies J. L. Fogg has appointed Frank B. Beckford agent for Los Angeles county of the Connecticut Mutual Life Insurance Co. Mr. Beckford is a successful life underwriter, having done a large business both in the East and in Southern California. Mr. Fogg has also selected Richard Garvey to represent his company in San Diego county, with headquarters at San Diego City.

—The death of a negress at the age of 136, in the Indian Territory, is reported in the dailies. She was born as a slave in 1750, the papers say, and what they say must be true. She leaves a child, a daughter, to mourn her untimely death. The orphan is in her 97th year. Slavery and illiteracy must be conducive to longevity, for the only centenarians nowadays are, generally, people too ignorant to preserve a trustworthy record of their birth.

—The Home Accident Association is doing extensive and expensive holiday advertising, at the expense of its dupes, but we look in vain for any reference to Mrs. Hannah Lane of Angel's Camp, Calaveras county, Cal. Mrs. Lane was a beneficiary with a \$5,000 claim, but she could collect only a little more than half (\$3,000) of that sum. For particulars see COAST REVIEW for September, page 673. The managers denied liability for more than the proceeds of an assessment. Very "cheap" is the insurance peddled at the Home Benefit shop.

—James T. Keleher, the leading insurance agent of Eureka, Cal., is visiting San Francisco.

—We have received the card of Messrs. Hagan & Co., city agents for the Sun Fire, Continental, Girard, Agricultural, Firemens and St. Paul insurance companies at 322 California street.

—Among the callers at the COAST REVIEW office last month were D. E. Miles, Secretary of the Southern California Ins. Co. of Los Angeles; H. P. Collins, of Chicago; C. S. Barney, of San Rafael; W. G. Drown, of Stockton.

—A correspondent writes for information as to the Great Western Mutual Aid (and Accident) Association, of Denver. It is one of the worst of the hat-passing frauds, and pays only a very small proportion of a claim. Several exposures of the concern have appeared in these columns.

—We wish that it were the custom of newspapers to print with death notices the amount of deceased's estate; for then the amount of the life insurance would probably be given, and the subject and value of life insurance thereby given merited prominence. The statement would frequently be: "Deceased's estate consisted of one life insurance policy only."

—The managers, general agents and office employés of the insurance companies represented in Sydney held the first of what is intended to be a series of annual picnics, at Cabarita, on the 16th of October. There were athletic sports and a dinner and toasts and speeches and a general good time.

—The officers, general agents, managers and clerks are hard at work, preparing the balance sheet for 1886. Some of them will show a balance on the wrong side so far as the Coast business is concerned, but upon the whole the showing will not be so bad as was anticipated during the summer conflagrations. The local companies we believe will, on their entire business, show fairly satisfactory results. With a single exception they have paid regular dividends, and will show a gain in net surplus in most cases.

—J. J. Guile has been appointed manager of the Sun Fire Office in the United States. Mr. Guile was assistant manager under the late Mr. Gilbert for the past two years.

—For many of the big fire figures, printed elsewhere, we acknowledge our indebtedness to the *Commercial Bulletin* of New York. The estimates are doubtless, as a rule, too large, being those first telegraphed.

—Our readers can revel in figures—in assets, premiums, losses, incomes and outgoes, loss ratios and expense ratios—for the next six months—if they want to take that form of revelry and dissipation.

—Statutory Requirements, corrected to November 1, 1886, has been issued by the *Insurance Journal* of Hartford. The insurance laws of all the States and the Canadas are summarized. It is a useful work.

—The subscribed capital of the Manheim Insurance Co., represented by Geo. Marcus & Co., has been doubled and is now \$2,000,000, of which \$500,000 has been paid up. The Manheim is a London marine company.

—Drown & Potter, of Stockton, Cal., have dissolved partnership, and are succeeded by Frank E. Austin & Co., comprising Messrs. Austin, Potter, Hanlon and Chaplin. W. G. Drown will continue the business of insurance alone.

—The Home Provident Association, which we wrote up (or down) in the November COAST REVIEW, has taken down its signs and is no longer represented in San Francisco. Even its agent lost confidence in it and refused to sue its certificates.

—Several nights ago at a disastrous fire in Fort Martin, Ark., a man, wildly tearing his hair, rushed into the street exclaiming: "Help! help! Come on here, men, there is a woman in the building!" No one offered to enter the burning building. After awhile the owner of the building remarked: "You'll see a big blaze pretty soon, for there's a lot of whisky on the second floor." "Here, men!" yelled a fellow. "Come on; whisky up-stairs!" A minute later the stairway was crowded with eager, determined men.—*Arkansaw Traveler*.

—There were seventy-six suicides in San Francisco last year.

—The Pacific Insurance Union is now located over Newhall & Co., on Sansome street, in airy, roomy and pleasant quarters.

—The *Western Insurance Review* has placed us under obligations for a bound volume of that excellent and handsome publication for 1886.

—The pretty and suggestive engraving in the advertisement of the Royal, Norwich Union & Lancashire in this issue of the COAST REVIEW was designed by Mr. Carpenter.

—The Franco-Hungarian Insurance Company, recently admitted to transact business (marine) in California, was organized in 1879. Its large assets and net surplus indicate excellent management.

—C. T. Roe, of San Bernardino, Cal., visited San Francisco last month. Mr. Roe is a successful insurance agent, and an "old resider" of San Bernardino. For the past twenty years he has represented the Liverpool & London & Globe Insurance Company.

—Several of our exchanges, notably the English, credit clippings from this journal to the *Court Review*. In manuscript, "Coast" may easily be mistaken for "Court," we know; but the mistake occurs too often. The choicest "perquisite" of the editor is to be quoted and duly credited.

—Bernard Faymonville, for many years with the Firemans Fund Ins. Co. as special and adjuter, has been placed in the chair recently vacated by E. W. Carpenter. Mr. Faymonville is familiar with all branches of the business, a conservative underwriter and popular with the local.

—E. W. Carpenter assumed the duties as general agent and manager for the Royal, Norwich Union & Lancashire Ins. Cos. on the first of January. With the exception of Messrs. Jener and Tillinghast, who go with the Anglo-Nevada, the former staff remains unchanged. Mr. Mel will continue to look after the local and the losses.

—The Sun Fire Office is not without Guile, who is the new United States manager.

—The Traders' Insurance Company, of Chicago, has established a New England department.

—I have not a cent's worth of faith in the permanency of the plan of the Mutual Reserve Fund Life Association.—*Aug. F. Harvey.*

—E. L. Ireton, late manager Eastern department of the California Insurance Company, has associated himself with the Cincinnati office of the Phoenix of Hartford.

—That letter, or circular, of the officers of the Mutual Trust Fund Life Association, of New York, announcing the failure of that hat-passer, is a severe blow to assessment insurance. We print the letter elsewhere.

—We all are interested in the weather in California, for the prosperity of all depends upon the prosperity of the farmer. We therefore hail with delight the prediction that "we are to have a wet winter because the beaver built high this year."

—A very considerable increase of business by the general agency of Messrs. Balfour, Guthrie & Co., is reported. The insurance department has moved into the basement of the building occupied by the firm. The new quarters of the agency extend from California street back to Halleck street. The light and ventilation are excellent, and the new office will compare favorably in dimensions and convenience with any "underwriting" in the city.

—President McCurdy met all the employees of the Mutual Life at a "social" gathering in the office of the company on December 31st. The large number of men employed by this great corporation in its home office probably necessitated several introductions to the President on that day. It partook more of a reunion when a general handshake with "compliments of the season" and light lunch brought together a large force of hard-workers, who were pleased to meet the great general in command.

### What is an Underwriter?

An underwriter, according to Webster, is one who sets his "name to, as a policy of insurance, for the purpose of becoming answerable for loss or damage," and so the term may apply to individuals as well as companies. According to this definition, however, the term can apply to those only who actually affix their signatures to a policy of insurance, either as principals or their representatives, and hence cannot properly be used of life insurance agents, local or general. A life agent cannot, strictly speaking, insure a man—he can only take his application, which may or may not be accepted by his principal. He is not, therefore, an underwriter, and the term "life underwriter" is a misnomer. Common usage, however, appears to have applied the name of underwriters to life insurance agents, and hence they are often spoken of as such. But when the Michigan association was organized the gentlemen forming it took the other view of the case and decided to call the organization "The Michigan Life Insurance Agents Association," as more in accordance with the true meaning of terms.—*Indicator*.

### A Reminiscence.

My knowledge and experience of the business dates back to 1840, since which time I have been continuously in the fire insurance business. For the first ten years of that period my place was outside of New York, and the business I saw was conducted in a rather chaotic sort of fashion. I came to New York in 1850, and found a very different state of things from that which my previous experience had taught me. There was here at that time a regular recorded survey, printed and bound in books, of all the stores and warehouses in the city of New York, with a basis rate and charges for various defects of construction, a standard height above which charge was made for over-height, and due consideration was given to exposures, communications, etc., showing system was at the bottom of the business in this city.—*Peter Notman*.

### Assessment Insurance Laws.

Many of the States now have laws regulating assessment insurance. California affords no protection to her citizens. With the excellent laws of Kansas, New York and Massachusetts we have already familiarized our readers. It is high time that California should pass equally good laws.

In Canada, companies or associations must be registered and make a deposit of \$50,000. Losses must be paid in full; the proceeds of an assessment, small or great, will not suffice to discharge the obligation of the association. No part of the assessment can be used for expenses. "This association is not required by law to maintain the reserve which is required of ordinary life insurance companies" must be printed in a different color in the contract. Penalties of from fifty to one hundred dollars are imposed.

In Connecticut, annual statements, with certificate, sworn to by the President and Secretary, of its ability to pay in full, and that it has paid all claims in full, must be filed with the Insurance Commissioner. Penalties are from one hundred to one thousand dollars.

In Delaware the co-operatives must comply with all the laws relating to regular life insurance companies, except as regards reserves.

In Illinois detailed statements must be filed, showing assets, liabilities, income, expenditures, number of members. Sworn certificates are required of the officers, setting forth that an ordinary assessment is sufficient to pay a maximum policy. The State Auditor is authorized to examine the companies.

In Indiana, annual statements are required, and the ability to pay certificates in full must be proved, and a satisfactory bond of \$20,000 executed.

Iowa exacts from the co-operatives an annual statement showing insurance in force, number of policyholders, amount paid to beneficiaries, assessment receipts, and satisfactory evidence that an ordinary assessment is sufficient to pay its maximum certificate to its full limit.

## E. D. Williams.

Wicked Williams has organized a "life insurance collection agency" at Chicago, and his advertisement gives several references, "by permission." The gentlemen referred to, or the four banks, rather, deny any knowledge of the agency, and emphatically repudiate any endorsement of Williams. The fellow is an old offender, who charges a good round sum as commission, cash down, to all whom he can persuade to entrust him with policies for collection or surrender. He endeavors, by misrepresentation, to create dissatisfaction with the company or with the settlement, and to thus become, for "a consideration," the agent of the ignorant and dissatisfied. His methods have been ventilated in these columns several times.

## Coast Figures.

Blanks for the California and Coast business for 1886 will be left at all the fire offices this week. Early attention to the same is invited, so that the figures for our annual February Chart of the Coast business may be placed in the printer's hands as soon as possible.

## Phoenix of Hartford.

The old Phoenix of Hartford telegraphs Manager Magill that their statement for the 31st of December will show an increase of \$220,000 in assets, and \$101,000 in net surplus; \$149,000 in the reinsurance reserve, and a decrease in outstanding losses of \$28,000. The company paid its regular dividend. The Hartford companies all appear to have done remarkably well last year, notwithstanding the year is deemed to have been generally a bad one.

## City Versus The Companies.

In his decision in the suit brought to test the constitutionality of the Firemen's Relief Fund Law, Judge Maguire held that a percentage on premiums as provided in the Act is not a tax imposed upon the property of inhabitants of cities and counties, but is a condition imposed by the Legislature upon foreign insurance companies, on compliance with which they are

admitted to the privilege of carrying on business in competition with local companies. The Legislature, he held, has undoubted power to impose such terms, and the courts have nothing to do with the wisdom or unwisdom of its acts. There are three things sought to be done by the Act: First, to impose the payment of a fixed percentage by foreign insurance companies as the condition upon which they will be permitted to do business within the State; second, to provide for the collection of the percentage; third, to provide for the disbursement of the fund after collection. He also held that the city and county of San Francisco is the real party in interest and entitled to maintain the action.

## Calendars.

Very tasteful is the Glens Falls calendar.

Thos. A. Mitchell has issued a handsome pocket calendar.

The Liverpool & London & Globe calendar is a credit to the delineator, Colonel Kinne.

Henry K. Field, General Agent of the New England Mutual Life Ins. Co. of Boston has placed upon our desk the most artistic calendar of the season. The company is useful. The calendar is useful and ornamental.

## A Valued Policy Bill.

That relic of barbarism and supposed friend of cinching legislators, the valued policy bill, is to be introduced at this session of the California Assembly. Our readers are so familiar with the arguments for and against valued policy laws, that we will not bore them with any recitation of familiar facts and reasons always urged, and generally successfully urged, against valued policy legislation. It is not at all probable that the Assembly will seriously consider such a bill. Its passage would be strongly resented by business men and large property-holders, for it would be practically a bill to keep out insurance capital. And then, too, the fire loss ratio of California is growing fast enough, without the aid of a valued policy law.

#### Rubber Stamp Signatures.

The Continental of New York has issued a circular to its agents which contains a very proper suggestion relative to the use of rubber stamps as signatures of policies, as follows:

Our attention has lately been called to several instances where policies, renewals, etc., have been issued by agents of this company with the agent's signature affixed by rubber stamp. While all of our more experienced agents would, without suggestion from us, see the objection to this, the matter is so important that we decide to send this circular to all, and request that under no circumstances shall any policy, renewal, or certificate be issued for this company unless signed by the agent with pen and ink. Rubber stamps are easily duplicated, at small expense, even in the case of *fac-similes* of signatures, and forgery and fraud are facilitated by their use.

#### The Hartford's Gains.

The Hartford Fire Insurance Company telegraphs the following figures for January 1st: Assets, \$5,055,946.45, a gain of \$310,604.53; net surplus, \$1,789,950.74, a gain of \$346,621.53. The gains are highly creditable to the management of the company.

#### Live Stock Insurance.

There has been some correspondence looking toward the organization of a live stock insurance company in San Francisco. The law requires \$100,000 paid up-capital. This Coast is a good field for the experiment, owing to the favorable influence of the climate on live stock mortality; but we doubt whether capitalists willing to make the experiment can be found.

#### The Orient's Figures.

President Whiting of the Orient Insurance Company telegraphs to Manager Dornin that the assets of the company, January 1, 1887, foots up \$1,604,000, with a net surplus of \$132,886 over capital and all liabilities. The practical underwriting ability of President Whiting is manifested in the healthy growth of this excellent Hartford company.

#### Mechanics & Traders Admitted.

The Mechanics & Traders Insurance Co. of New Orleans has been admitted to do

business in California, and appointed Colman & Childers of Los Angeles, general agents. The company has a cash capital of \$375,000, with assets of \$592,438, and a net surplus of \$91,293.

#### Compromised.

Annie E. Evans, executrix of the will of Charles W. Bryant, deceased, applied to the Court last month for permission to compromise with the Accident Insurance Company of North America. The deceased had an accident policy in that company subject to the condition that he should not assign the policy without due notice. He did, however, assign the policy, to his creditors. His death was occasioned by injuries received before the policy expired, and the company refused to pay the claim because of such assignment without notice. The amount of the policy is \$3,000, and the company offered \$2,000 as a compromise, which the petitioner was ready to accept, and asked an order of the Court to allow her to do so, which the Court granted.

#### Supererogatory.

The editor of the *Commercial Magazine* announces that he has long been troubled with dyspepsia. We thought it was a bad case of worms.

#### Southern Insurance Co.

Jos. C. Jennings has been appointed general agent of the Southern Insurance Co. of New Orleans, which was organized some three years ago with a paid-up capital of \$300,000. Mr. Jennings represents, besides, the New Hampshire and the Sun Mutual.

#### Died.

R. M. Wilkin, formerly local insurance agent at Tucson, Arizona, but more recently special agent of the Firemans Fund Ins. Co. for Southern California and Arizona, died at Santa Monica, Los Angeles county, on December 30, 1886. Kidney trouble was the immediate cause of death. Mr. Wilkin was about 28 years old. He was favorably known to all the local agents throughout his district.

### Closed the Accident Branch.

The California Life and Accident Association has abandoned the accident business and changed its name to the California Life and Endowment Association. The exposures of the COAST REVIEW killed the accident business of the little thing; and this "endowment" wrinkle will cost the association whatever remnants of good reputation it may have.

### We Were Wrong.

The following paragraph appeared in the COAST REVIEW for May, 1885:

There is a significant correspondence between the extraordinary fire losses and the failure of the cotton crop in Texas during the last two or three years. As the cotton crop is likely to be a failure again this year, another bad year for fire insurance companies may be confidently anticipated. If there is no cotton there is no money for the country merchant; and the claims of the wholesalers becoming very pressing, relief is frequently found in a fire and a check from the insurance company. Other interests are affected by the failure of the cotton crop, and there is a corresponding temptation to hold bankruptcy at bay with a demand on the insurance companies. This is common talk and a favorite joke in Texas. The fire-loss ratio will go down when the cotton crop goes up. "People must live."

In our last issue we recalled this prophecy, and the result is a letter, printed elsewhere, from Messrs. Dargan & Trezevant, of Dallas, Texas, which robs us of our budding reputation as a prophet. The loss ratio, outside of the Galveston fire, was only about 46 per cent. We are willing to "give the devil his due," and hasten to add that there is nothing personal in this remark. But how about former years, we wonder? There is a relation between hard times and the fire loss, generally; and bad crops make hard times.

### Sound Sense.

At the first monthly meeting of the Cincinnati Association of Life Underwriters, recently held, the President said, in enumerating annoyances of the business: "First among them I count the use of anonymous, ultra-partisan or untruthful circulars. In my judgment, this association would honor itself by an agreement not to use or circu-

late any document to which the user was unwilling to see his name attached. Beyond question the rule should be to destroy circulars which in any way cast a doubt upon the solvency of our companies, which reflect upon the integrity of their management, or which contain any statements known to be untrue, unfair or unjust."

## ACTIVE LOCAL AGENTS.

Wanted (throughout the Pacific Coast) to represent the Accident Department of the Pacific Surety Company of California.

Address WALLACE EVERSON,  
President.  
328 Montgomery St., San Francisco.

Experienced, Successful Life Insurance Men wanted to sell Installment Bonds of the National Life Ins. Co. of Montpelier, Vt., in San Francisco and every city and town of importance in California and Oregon. Address me at Los Angeles National Bank, Los Angeles, California. Circulars explanatory of the plan will be sent on application for them.

S. A. MATTISON,  
*General Agent for*  
*California and Oregon.*

## "Knid Words Can Never Die."

STOCKTON, CAL., Dec. 30, 1886.

The COAST REVIEW is something which I cannot do without. I feel lost without a knowledge of the contents of its latest issue.

FRED. E. POTTER.

SEATTLE, W. T., Nov. 29, 1886.

We look on the COAST REVIEW as one of the necessities of our office. We would nearly as soon try to get along without our Rate Book as without the COAST REVIEW.

Yours for sound insurance,  
A. CHILBERG & CO.

MINNEAPOLIS, MINN., Nov. 29, 1886.

EDITOR COAST REVIEW—I want to express my appreciation of the worth of your excellent maga-

zine. I have none I value more highly, and I wish and hope its circulation may be increased ten-fold.

LINDSEY WEBB,

Gen. Agent Northwestern Mutual Life Ins. Co.

GALVESTON (Tex.), Nov. 15, 1886.

PUBLISHER COAST REVIEW: We have not received our November copy. Kindly send it, as we find the REVIEW always interesting.

Respectfully,

ANGELL & RICE.

ASPEN, COLO., Oct. 12, 1886.

EDITOR COAST REVIEW—I deem the COAST RE-

VIEW one of the necessary fixtures of my office. I have never failed to get each number. The court decisions are invaluable to all agents. I recommend every agent to subscribe for it.

J. D. BRANSFORD.

PORTLAND, OR., Oct. 16, 1886.

EDITOR COAST REVIEW—You have outdone yourself in your COAST REVIEW for October. The blows you strike right from the shoulder at co-operative frauds are good.

C. L. FAY,

Gen'l Agt. Washington Life Ins. Co.

TOTAL ASSETS OF THE NEW YORK UNDERWRITERS' AGENCY,  
DECEMBER 31st, 1885:

CAPITAL .....	\$1,300,000 00
REINSURANCE RESERVE .....	1,296,364 32
Reserve for Losses Unpaid and in Process of Adjustment. and all other	
Liabilities .....	214,344 00
Surplus, Exclusive of Capital .....	752,590 72
Total Assets .....	\$3,563,299 04

CESAR BERTHEAU, Manager,

No. 209 SANSOME STREET,

SAN FRANCISCO, CALIFORNIA.

CONNECTICUT MUTUAL

Life Insurance Company, Hartford. Conn.

ASSETS, January 1, 1886 .....	\$54,388,650.00
Surplus, by Connecticut Standard .....	\$4,680,143.00
Surplus, by New York Standard .....	7,800,000.00
Ratio of Expenses of Management to Receipts since Organization .....	8.3 per cent.

JABOB L. GREENE, President.

W. G. ABBOT, Secretary.

Its splendid record of forty years shows conservative and most economical management. The New Contract of the Company affords perfect protection; provides for old age or necessity by the largest cash surrender values ever offered in a life insurance contract; furnishes insurance at the lowest net rates; surplus is divided annually.

The limited premium policy (10, 15, 20, 25 payments) becomes, at the end of its term, a dividend-earning policy, the commercial value of which can be readily reckoned and made available. It may, at this time, or any five years thereafter be surrendered for its cash value, which value is stated in the policy. The policy is non-forfeitable; nothing, not even one's own culpable negligence, can deprive him of the full benefit of the premiums paid. Besides affording the safest insurance, the Company furnishes the safest place in the world for the people to deposit annually small or large sums of money.

JAS. L. FOGG, District Sup't of Agencies for the Pacific Coast.

F. R. NOYES, Agent at San Francisco.

OFFICE, 315 CALIFORNIA ST.,

SAN FRANCISCO.

STATEMENT OF THE CONDITION AND AFFAIRS

OF THE



# ermania

*Fire Insurance Co., of New York, in the State of New York,  
for the year ending Dec. 31. 1886.*

Amount of Capital Stock paid up in Cash, - \$1,000,000 00

## ASSETS.

Real Estate owned by Company.....	\$ 535,000 00
Loans on Bond and Mortgage.....	96,500 00
Cash Market Value of all Stocks and Bonds owned by Company .....	1,660,267 50
Cash in Company's Office.....	75,730 99
Cash in Banks.....	15,928 22
Interest due and accrued on Bonds and Mortgages.....	1,530 00
Premiums in due Course of Collection.....	113,883 58
Rents Due and Accrued.....	1,883 33
<b>TOTAL ASSETS.....</b>	<b>\$2,500,773 62</b>

## LIABILITIES.

Losses Adjusted and Unpaid.....	\$ 43,326 82
Losses in process of Adjustment or in Suspense.....	21,672 80
Losses resisted, including expenses.....	20,408 40
Gross Premiums on Fire Risks running one year or less, \$830,167 74; re-insurance fifty per cent.....	415,083 87
Gross Premiums on Fire Risks running more than one year, \$701,397 59; re-in- surance pro rata.....	362,197 88
<b>TOTAL LIABILITIES.....</b>	<b>\$ 862,689 77</b>

## INCOME.

Net Cash actually received for Fire Premiums.....	\$1,063,080 21
Received for Interest on Bonds and Mortgages.....	6,376 66
Received for Interest and Dividends on Bonds, Stocks, Loans and from all other sources.....	71,581 64
Received for Rents.....	22,215 97
<b>TOTAL INCOME.....</b>	<b>\$1,163,254 48</b>

## EXPENDITURES.

Net amount paid for fire losses (including \$144,148 96, losses of previous years), \$	568,954 73
Dividends to Stockholders.....	100,000 00
Paid or allowed for Commission or Brokerage.....	150,787 35
Paid for Salaries, fees and other charges for officers, clerks, etc.....	76,319 78
Paid for State, National and local taxes.....	30,649 61
All other Payments and Expenditures.....	159,507 48
<b>TOTAL EXPENDITURES.....</b>	<b>\$1,086,218 95</b>

GUTTE & FRANK,

Managers San Francisco Branch Office,

No. 307 CALIFORNIA STREET, SAN FRANCISCO.



**COAST REVIEW SUPPLEMENT--FEBRUARY, 1887.**

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TABULAR STATEMENT

—OF—

**PACIFIC COAST FIRE INSURANCE BUSINESS.**

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### TABLEULAR STATEMENT

FOR THE YEAR ENDING DECEMBER 31st, 1886.

of course writing to June - William in Feb.

*of record retiring in June*

**'Withdrawn in Feb., began business Dec. 1st**

**'Assumed management Jan. 1, 1897.** It's said nothing at Feb., featured (with) to day



# THE COAST REVIEW

A MONTHLY JOURNAL

DEVOTED TO

FIRE, MARINE, LIFE AND ACCIDENT INSURANCE.

J. G. EDWARDS, PROPRIETOR,

320 Sansome St. (Room 17), San Francisco, Cal.

VOL. 22.

FEBRUARY, 1887.

No. 2.

## PUBLISHER'S NOTICE.

Terms: \$3.00 per year; single copies, 25 cents; postage added to all foreign subscriptions. February copies to non-subscribers, 50 cents.

Subscriptions discontinued on expiration only when so ordered by subscriber.

Post office boxes or street and number should be added to address to secure a safe delivery.

Discontinuance, or errors, or changes in address, should be reported to the COAST REVIEW, and not to the post office. Repeat order if necessary. Subscribers and others who may take this journal from the post office or carrier are legally responsible, notice of discontinuance of subscription notwithstanding.

Subscriptions may begin with the January number, if so desired. Unless otherwise ordered, however, subscriptions will begin with the current issue.

Postage, when not sent from this office, is 2 cents per copy.

Correspondence invited. Write on one side of paper only. Be specially careful with names and dates.

Our readers are requested to send us court decisions and newspaper clippings relating to underwriting interests.

Communications, new advertisements and changes in old advertisements should be handed in before the 1st of the month, or as soon after the 1st as possible.

The COAST REVIEW will be mailed about the 8th of the month.

Advertising rates made known on application.

## Digest of Recent Insurance Decisions.

### Fire.

*Stevens v. Citizens' Ins. Co.*; La. S. C.

**WAIVER OF WRITTEN NOTICE.**—A stipulation in a fire insurance policy that immediate written notice of loss shall be given to the company may be waived by an agent who has full authority to adjust the loss, although the policy provides that the company shall not be bound by the acts or declarations of its agents not contained in the policy.

*Ibid.*

**OTHER INSURANCE.**—The terms of an insurance policy on a building and machinery therein provided that it should become void if any other insurance policy, whether valid or not, was obtained on the same property. Another policy had been taken out previously, which stipulated to be void if the property were sold or mortgaged, if any change took place in the title, or any portion of it were removed to another location without the company's consent. Subsequently this policy was rendered void by the fact that the property was sold and mortgaged to secure the purchase price; also, the machinery was removed, without the required consent, from the building

in which it was when the policy was issued. *Held*, That the first-mentioned policy was not defeated by the existence of the other, since the latter had ceased to be a binding contract of insurance before the former was issued.

White v. Western Assurance Co.: Pa. S. C.

USE OF PETROLEUM AS FUEL.—This was an action of covenant on a policy insuring against loss by fire the machinery, tools, patterns, etc., in and about an iron foundry which was under a lease. The defense was that this policy became and was made null and void in consequence of a breach by the assured of the following condition: "If in said premises there be kept gunpowder, fire-works, nitro-glycerine, phosphorus, saltpetre, nitrate of soda, petroleum," etc., then, and in every such case, this policy shall become void. The admitted facts are that petroleum was used as fuel for the engine by which the machinery of the foundry was driven, which fuel was drawn from a tank or barrel kept in a shed united with, and so made to form part of, the main building, and, as one of the witnesses says, some five or six feet from the furnace. The oil was conducted from the barrel by a half-inch pipe to the place of consumption—an iron pan in or under the boiler; and as this fuel was drawn from the barrel, a fresh supply was furnished as necessity required. The unequivocal agreement, as found in the policy, is that the keeping of petroleum in the premises insured shall render that policy null and void. That petroleum was so kept is not denied, and this, not as in the case of *Mears v. The Humboldt Insurance Company*, 11 Norris, 15, temporarily and for casual use, but habitually and for constant use. Nor was it, as in the *Citizens' Insurance Company v. McLaughlin*, 3 P. F. S., 485, an article of such vital necessity in the conduct of the business of the insured that its use could not be ignored, and therefore must have been recognized as a matter not subject to the condition. Petroleum, however convenient and economical, was certainly not a fuel without which the foundry could not have been

run, since its place could well have been supplied by wood or coal. What shall we say, then? That the contract of the parties shall not stand? But on what ground can we justify a conclusion such as this? The parties were *sui juris*; no fraud is alleged, nor is the condition even unreasonable; the company was not willing to insure against so dangerous a commodity as petroleum, and therefore expressly forbade not only its use, but even its presence on the property; and under and subject to this condition the plaintiff accepted the policy. Under such circumstances, were we to reverse the court below, we must not only disregard the contract of the parties, but also overrule our own cases of the *Birmingham Fire Insurance Company v. Kroegher*, 2 Nor., 61, and the *Lancaster Fire Insurance Company v. Leinheim*, 8 Nor., 497, which in principle rule the case in hand. The judgment is affirmed.

Dual v. Western Assurance Co.: N. Scotia S. C.

OTHER INSURANCE—WAIVER.—Defendant resisted payment on the ground that it had not had notice of subsequent insurance, as required by the policy. The subsequent insurance was bargained for as insurance in the defendant company, but the agent applied for it in another company of which he was also agent, and insured knew nothing of the change until he received his policy. When the loss occurred, defendant employed an agent who took possession of insured's books, and agreed to leave to arbitrators as the only question to be decided, the amount covered by the policy, treating the policy throughout as in force. *Held*, That the condition as to subsequent insurance and proof of loss was waived.

Kelly v. Humboldt Fire Ins. Co.: Pa. S. C.

ENTIRETY OF CONTRACT—FORFEITURE.—The policy covered three houses—\$1,000 on each of two and \$400 on the other of the houses. The premium paid was \$48. The policy provided: "If any building herein described be or become vacant or unoccupied for the purposes named in this contract, unless by consent, it should be void." The last-mentioned house had

been vacant about four weeks when a fire occurred, destroying all the houses. *Held*, That the consideration being entire, the contract was entire, and that no recovery could be had for the damage done to the other two houses, though nothing had been done in them to vitiate the policy.

Nurney v. Firemans Fund Ins. Co.: Mich. S. C.

**ARBITRATION.**—Policy provided that “no suit shall be brought on this policy until arbitration had and award made,” and in case of a difference between the company and the assured as to the amount of a loss, arbitration and award should be had as to such difference when requested, in writing by either party. A difference as to the amount of the loss had existed more than five months after the fire, but neither party claimed the right, or expressed in writing, a desire to have the difference settled by arbitration, and never has expressed such desire to the present time. *Held*, That both conditions of the policy must be read together. *Held*, That arbitration became imperative only after the written request for one had been made. The request, as it stands in the policy, is optional with either party, and neither of them having availed themselves of the right to arbitrate, it must be deemed waived by both, and in such case the plaintiff was left to the mode of redress provided by the law. *Held*, That before a forfeiture can occur there must be no question but the parties intended to provide for it in the contract under which it is attempted to enforce it.

#### Life.

Corson Ap.: Pa. S. C.

**INSURANCE OF DEBTOR.**—Insurance of life of a debtor for a sum much larger than the ascertained indebtedness is not presumptive evidence of a bad faith, or that it was a wager contract. In the absence of evidence that a policy on the life of a debtor, in favor of a creditor, is held in trust for the debtor, the presumption is against such trust, and that the rights of the parties appear on the face of the policy.

#### Accident.

Saveland v. Fidelity & Casualty Co.: Wis. S. C.

“**WHILE TOTALLY DISABLED.**”—Insured was accidentally made lame, and for a week could do no business whatever, but thereafter, through the aid of a carriage, was enabled to attend to business. He claimed \$135, or nine weeks' indemnity, but defendant company tendered only one week's indemnity. The jury gave plaintiff amount of his claim. *Held*, That plaintiff was entitled to indemnity only during the time he could do no business whatever, and not for the time when he was not totally disabled. The words, “while totally disabled,” could not be construed to mean “partially disabled.”

#### Assessment.

Frederick Weise v. S. F. Musical Association: S. F. Superior Court.

**CHANGE IN BY-LAWS.**—Weise, who is a musician, and a member in good standing of the association, is 70 years old, and is physically unable to practice his profession. He sued to recover sick benefits amounting to \$840, at the rate of \$10 a week, from May, 1884, to December, 1885. The defense to the claim was that in April, 1883, the society had amended its by-laws so as to allow no member sick benefits for more than six consecutive months, or more than \$260 in twelve months. A similar case between the same parties was tried before Judge Sullivan some time ago, and he decided that the fact that the laws of the society had been changed did not affect Weise's claim, because he was a member in good standing, and had a claim before the change. Judge Maguire took the same view of the matter, and therefore awarded judgment to Weise.

#### Notes.

The Pennsylvania Supreme Court recently had occasion to rule that a nephew has no insurable interest in the life of an aunt, by mere relationship.

In the Minnesota Supreme Court it was recently held that if the agent, although not acting as such when the information was given him, retained a recollection of

the existence of an incumbrance, and had it in mind when effecting the insurance, such knowledge affects the principal.

If a certificate in a mutual benefit association, in favor of a member's wife, having lapsed, is renewed for the benefit of one of the husband's creditors, in the latter's name, and he thereafter pays the assessments thereon, and charges the payments to the debtor, the creditor will not be entitled to hold from the proceeds of the certificate more than the amount of his debt and the sums paid to keep up the certificate, although he has, meanwhile, become the holder of other claims against the debtor. So says the Texas Supreme Court.

The Illinois Supreme Court has put its foot down flat upon a hat-passing swindle, yclept the Golden Rule Association. Its system is declared to be illegal and a most vicious variety of gambling. The concern agreed to pay seventy-five per cent. of a collection to the beneficiaries, and the remaining twenty-five per cent. to the two members who held certificates with numbers next above and below that of the deceased. It was a sort of club insurance, similar to that of the United Life and Accident Association, a New York fraud, which is represented in San Francisco.

The articles of association of a company provided that the directors should not pay dividends except out of realized profits. It appeared that the directors had, without proper inquiry, paid dividends out of floating capital or any money that they had in hand. In an action instituted to make the directors personally liable to the extent of the money so paid (the company being in liquidation), they set up the defense that they had acted *bona fide*. It was held that this could not affect their liability in the face of the fact that they had, without proper inquiry, declared dividends when no profits were earned, and upon accounts which showed that they were doing so out of capital. He decided that there had been a breach of trust by the directors, and held them personally liable to the amount of the dividends paid out of capital.

### The Successful Life Agent.

Success in life insurance means commissions, in the same sense and degree that happiness in life means money. But money does not mean happiness, and commissions do not mean success.

The successful life insurance agent tells the story of his company and its plan—so simply, clearly, accurately, that when the policy comes it comes to stay, and all the Goths and Vandals of other companies, and all the king's horses and all the king's men cannot compel that policy to surrender or lapse. He does not write three million a year. He may not write half a million, but it renews and he sells it at the list price. The successful agent has no need to avoid localities where he has solicited before. His policy-holders everywhere are his best friends and allies, and the company is honored in its representative. The successful agent does not terrify a candidate with troops of bogus items and equations. He does not mystify him with a dozen plans. He does not write his application for twenty thousand when he knows only ten will "deliver." He is serious as well as earnest in presenting his case, for he knows men are not joked into life insurance. He is continually insuring men who long ago were catalogued by other agents as "impregnable" and "past feeling."

Of course, he represents the "best company in the world," but he is magnanimous enough to admit that there are other companies possessed of some modest merit. He feels that the company is a factor in attracting the application. He does not, therefore, unduly magnify himself nor overwork the "perpendicular pronoun." He is ever loyal to his company, and does not talk of large offers he is daily receiving from other companies. He does not ask his company to depart from fixed rules to favor him. It is not necessary to extract the square root of what he says to get at the facts. He does not apologize for his business, but believes that his calling is as honorable and useful as that of any man who walks the earth.

The successful agent does not give a portion of his time to "other business." He feels that life insurance is entitled to and demands his entire talent and time. He recognizes the old injunction that he "can not serve two masters." He is not a genius, perhaps not a brilliant man. He does not, therefore, expect to float to success on the lazy wings of genius. It may be true that the life insurance agent is "born, not made;" but genius to him means study, tact, momentum, hard work. He knows that "an engine of one-hat power running all the time is more effective than an engine of forty-horse power standing idle."

To the successful agent, success is not for one day or one year. He has high regard for that great word, solemn character. He compels men by the loftiness of his character. He convinces, persuades, wins men by the simplicity of his statements, and the irresistible logic: common sense. He keeps faith with his agents, and they are always true to him.—A. W. Kimball.

### Fire Patrol Report.

The twelfth annual report of the Underwriters' Fire Patrol, of San Francisco, for the year ending December 31, 1886, has been printed and distributed; but, to give the report a wider circulation and greater usefulness, we will extract the principal points and record them in the everlasting pages of the COAST REVIEW.

The directors commend the excellent service and deportment of all the members of the Patrol force, and report everything in good working order. Captain White gives a description of the new steam pump purchased during the year, and says that it has worked admirably. The salvage secured by the use of the pump at the Anti-sell fire is estimated at \$20,000, and at the Schmidt Label fire \$15,000. No accident took place during the year; but in two instances the alternative was a loss of men or covers, and the Captain *naively* adds that "we chose to save the men." The causes of fires and the kinds of risks in which fires occurred are presented as follows:

### CLASS OF RISKS.

Awnings .....	1	Hair and wig factory	1
Axle-grease factory..	2	Hotel.....	7
Barber shop.....	2	Iron works.....	1
Blacksmith shop....	1	Insurance office....	3
Boarding-house.....	1	Junk store.....	1
Bakery.....	3	Kid-glove factory...	1
Box factory.....	1	Lumber-yard .....	4
Book store.....	1	Lodging-house.....	15
Brewery .....	2	Lithograph works...	1
Cigar factory.....	4	Laundry .....	2
Cigar-box factory....	1	Millinery store.....	2
Cigar store.....	3	Malt-house .....	1
Cap factory .....	1	Mattress factory....	1
Carriage factory....	1	Market .....	1
Carpet-cleaning w'ks	1	Machine shop.....	5
Carpenter's shop....	3	Match factory.....	1
Carpet store.....	1	Nickel works.....	1
Clothing store.....	1	Paint shop.....	2
Cooper's shop.....	1	Paint factory.....	1
Chinese shoe factory	2	Piano factory.....	1
Chinese lodgings....	1	Plumber's shop.....	2
Chinese dwelling....	3	Press-room .....	1
Chinese wood-yard..	1	Pawn shop.....	1
Chinese laundry....	4	Picture-frame fact'ry	1
Chinese store.....	2	Restaurant .....	6
Candle works.....	2	Stable .....	7
Commission store..	1	Sawdust storage....	1
Coffee and spice mill	2	Show-case factory...	1
Church.....	2	Saloon.....	13
Chicken house.....	2	Shoemaker's shop...	1
Dwellings .....	125	Shoe store.....	2
Dental rooms.....	1	School-house.....	3
Dry goods store .....	2	Seed store.....	1
Drug store.....	2	Silversmith.....	1
Dry-house.....	2	Tin shop.....	1
Engine-room.....	1	Toy store .....	1
Flour mill.....	1	Tailor shop .....	1
Fancy goods store...	1	Tin and stove store	1
Furniture factory...	2	Tannery .....	2
Fur goods store....	2	Tobacco works.....	2
Fruit store.....	2	Tug-boat .....	2
Freight sheds.....	1	Wood and coal yard	1
Grocery store.....	7	Wharf .....	1
Hay barn.....	2		
Hay wharf.....	1	Total.....	310

### CAUSES.

Burning brush.....	1
Burning chimneys.....	30
Boiling-over oil.....	1
Carelessness with candle.....	8
Carelessness with coal oil lamp.....	2
Carelessness with cigars.....	4
Carelessness with fire.....	2
Carelessness with gas-pipe.....	1
Carelessness with gas-torch.....	1
Carelessness with glue-pot.....	1
Carelessness with lamp.....	1
Carelessness with matches.....	14
Carelessness with China nut-oil.....	1
Charcoal stove.....	1
Cigarette smoking.....	2

Coal oil stove.....	1
Children with matches.....	9
Defective alcohol lamp.....	1
Defective boiler.....	2
Defective chimneys.....	15
Defective charcoal furnace.....	1
Defective dry-room.....	5
Defective meter.....	1
Defective stove.....	9
Defective range.....	7
Defective tinker's stove.....	1
Defective furnace.....	5
Defective stove-pipes.....	4
Defective gas-lights.....	2
Defective gas-burners.....	1
Defective plumber's stove.....	1
Defective oven.....	1
Defective flue.....	3
Defective incubator.....	1
Defective smoke-stack.....	2
Drunkeness.....	3
Explosion of coal-oil lamp.....	21
Explosion of coal-oil stove.....	1
Explosion of benzine.....	1
Explosion of gasoline-stove.....	1
Explosion of naphtha.....	1
Explosion gauge on ammonia tank.....	1
Explosion of toy engine.....	1
Friction of gear.....	1
Friction of machinery.....	1
Fire-works.....	33
Gas jet.....	1
Hot ashes.....	2
Hot iron.....	2
Incendiary.....	11
Kettle of fat.....	1
Lace curtain blown into grate.....	1
Leaky gas-pipes.....	2
Matches and cats.....	1
Over-heated chimney.....	1
Over-heated stove.....	2
Pitch kettle.....	1
Pipe smoking.....	4
Rats and matches.....	2
Spark from engine.....	1
Spark from chimney.....	10
Spark from fire.....	4
Spark from locomotive.....	1
Spark from smoke-stack.....	2
Spark from stove.....	1
Spark from furnace.....	2
Spontaneous combustion.....	9
Toy balloon.....	1
Upsetting coal-oil lamp.....	3
Unknown.....	23
Wooden ash barrel.....	6
Wooden ash box.....	4
Total.....	310

Additional value and interest would be given to the foregoing if the losses were added to each cause of fire.

An exhibit is given of the number of calls from each alarm box for twelve years, from 1875 to 1886 inclusive. The grand total is 2,892. By far the largest number (131) were from box 25, in the Chinese quarters, at the corner of Washington and Dupont streets. The next largest (65) were from box 61, at the corner of Howard and Third streets.

#### MONTHLY INSURANCE LOSSES.

The insurance losses by months, during the year, were as follows:

Month.	Buildings.	Contents.	Aggregate.
January.....	\$7,900	\$35,952	\$43,852
February.....	2,202	11,753	13,955
March.....	22,738	19,806	42,544
April.....	97,632	218,322	315,354
May.....	32,443	21,781	54,224
June.....	56,123	264,667	321,080
July.....	19,023	40,416	59,439
August.....	46,551	181,633	228,184
September.....	2,176	19,045	21,221
October.....	3,664	7,875	11,539
November.....	5,980	9,386	15,366
December.....	6,590	17,418	24,008
Totals.....	\$302,727	\$847,799	\$1,150,526

#### SUMMARY.

Buildings—Insurance.....	\$1,154,577
Property loss.....	448,312
Insurance paid.....	302,727
Contents—Insurance.....	\$1,944,987
Property loss.....	1,592,998
Insurance paid.....	847,799
Totals—Insurance.....	\$3,099,564
Property loss.....	2,042,310
Insurance paid.....	1,150,526
Uninsured Losses—Buildings.....	\$145,585
Contents.....	746,199
	\$891,784

#### GRADE OF LOSSES.

No.	Losses.	Aggregate.	Average.
132	Under \$100	\$3,900	\$28
80	\$100 to \$1,000	31,166	389
55	\$1,000 to 10,000	171,415	3,111
6	\$10,000 to \$20,000	88,084	14,680
1	\$20,000 to \$30,000	27,788	
1	\$30,000 to \$40,000	35,051	

The losses at five large fires were—

April 30th, Bancroft fire.....	\$ 946,587
May 24th, Brannan-street fire.....	65,229
June 17th, Antisell fire.....	90,669
June 20th, Tatum & Bowen fire.....	196,068
August 21st, Brannan-street fire.....	364,759

Total of five great fires..... \$1,664,314

## INSURANCE PAID FOR FIVE YEARS.

The total insurance losses in San Francisco for the past five years were:

1882 .....	\$337,846
1883 .....	603,322
1884 .....	415,097
1885 .....	781,278
1886 .....	1,150,526

## Fire Inquests.

Any system of fire inquests will help to reduce the fire waste to the extent that the investigation discovers incendiarism, convicts the incendiary, and familiarizes the public with the minor and neglected causes of fires. Nevada has a good law providing for such inquests, and since its enactment incendiary fires have diminished fully seventy-five per cent. The Texas Auditor, in his annual report, just issued, says:

The moral hazard can be lessened by a strict investigation into the origin of every fire. I recommend that an officer be appointed in every county, whose duty it shall be to inquire into the cause of every fire, and should there be evidence sufficient to charge any with the crime of arson, to cause such person or persons to be arrested and charged with such offense—the fees for this officer to be paid by the county to which he belongs.

A bill providing for the detection and punishment of incendiarism was introduced in the Oregon Legislature in January, 1885, but, if we are correctly informed, it failed to pass, or was buried in some committee. The bill authorized any Justice of the Peace of the county where a fire occurred to appoint three investigators of any suspicious fire, on the complaint of any citizen. A law of that character could not be objected to on the score of expense; but in the absence of a law requiring the investigation of all fires, many incendiary fires would never be detected and much useful information as to the origin of mysterious fires would not be gathered. Any argument as to the expense of such official investigation is hardly entitled to a patient consideration; for the annual fire loss of \$110,000,000 in this country is so enormous a tax that the cost of any system designed to reduce that annual tax is but a bagatelle in comparison.

Table Showing the California Business of Accident, Fidelity, Steam Boiler and Plate Glass Insurance Companies for the Year Ending December 31, 1886.

NAME OF COMPANY.	LOCATION.	NEW POLICIES WRITTEN.			POLICIES RENEWED.			POLICIES IN FORCE DECEMBER 31, 1886.		LOSSES PAID.
		Number.	Amount.	Premium.	Number.	Amount.	Premiums.	Number.	Amount.	
Accident Ins. Co. North Am.	Montreal	1	\$100,550 00	\$2,053 65	1	.....	.....	.....	\$223,500 00	.....
American Steam Boiler	New York	.....	214,950 00	2,510 31	.....	.....	.....	.....	244,950 00	.....
Fidelity and Casualty	New York	600	1,316,700 00	11,880 13	350	\$1,129,000 00	\$8,353 83	950	2,438,700 00	\$4,480 43
Harford Steam Boiler	Harford	88	213,750 00	3,036 17	62	172,245 00	2,287 70	131	393,905 00	216 11
Lloyds Plate Glass	New York	.....	28,077 00	827 30	.....	.....	.....	.....	28,077 00	271 50
Metropolitan Plate Glass	New York	76	42,875 00	1,415 19	74	56,553 00	1,358 19	137	51,966 00	680 22
Pacific Mutual Life	San Francisco	1,939	4,626,000 00	26,543 35	156	536,000 00	3,313 87	1,300	3,093,500 00	13,156 00
Pacific Surety Co.	San Francisco	773	1,963,200 00	13,706 57	66	200,223 00	1,958 39	839	1,938,562 00	.....
Travelers Life & Accident Co.	Harford	2,646	8,215,000 00	18,016 75	1,013	3,221,300 00	15,025 59	1,584	6,046,000 00	9,291 43
		6,180	\$17,173,111 00	\$85,020 77	1,711	\$5,371,621 00	\$35,057 81	5,291	\$14,533,250 00	\$23,125 69

\* No report.

Table Showing Five Years Life Insurance Business Transacted in California by Companies Authorized to do Business in this State.

NAME.	YEAR.	NEW POLICIES WRITTEN.			POLICIES RENEWED.			POLICIES IN FORCE.		LOSSES AND ENDOWMENTS PAID.
		No.	Amount.	Premium.	No.	Amount.	Premium.	No.	Amount.	
Etna Of Hartford.	1882	37	\$80,000 00	\$3,701 41	289	\$805,541 00	\$31,312 91	519	\$997,130 00	\$56,640 00
	1883	25	62,500 00	3,143 03	261	738,541 00	26,833 22	494	929,373 00	46,146 00
	1884	5	5,000 00	352 90	242	684,669 00	26,270 83	478	925,464 00	24,262 00
	1885	42	87,000 00	3,152 75	235	653,717 00	24,504 22	500	900,936 00	26,888 65
	1886	80	160,300 00	4,692 24	266	694,067 00	25,041 85	549	1,017,395 00	36,260 00
Connecticut Mutual.	1882	51	154,049 00	36,190 52	640	3,244,350 00	104,993 37	993	4,005,930 00	67,329 00
	1883	47	123,819 00	22,101 19	607	3,081,100 00	97,021 31	976	3,865,219 00	131,022 00
	1884	11	36,000 00	834 56	521	2,654,600 00	80,369 79	888	3,312,765 00	104,287 00
	1885	35	101,678 00	7,978 00	581	2,887,800 00	91,249 46	922	3,413,443 00	81,705 00
	1886	43	152,500 00	5,505 64	592	2,937,000 00	84,206 13	958	3,707,392 00	78,000 00
Equitable.	1882	267	1,701,500 00	73,130 39	926	4,274,300 00	168,828 26	1,406	6,069,420 00	119,924 07
	1883	320	1,490,000 00	62,229 58	955	4,608,600 00	187,140 47	1,439	6,306,887 00	201,210 24
	1884	244	1,057,500 00	46,149 72	992	4,861,200 00	198,218 70	1,450	6,385,499 00	215,739 78
	1885	273	1,216,000 00	48,755 63	1,087	5,151,000 00	213,221 67	1,596	6,844,693 00	98,433 63
	1886	403	1,878,000 00	88,658 20	1,153	5,718,800 00	240,152 19	1,788	8,039,566 00	131,903 43
Germania.	1882	27	125,200 00	6,700 66	2,162	3,144,350 00	78,841 63	2,245	3,519,550 00	117,532 29
	1883	17	103,000 00	5,900 90	2,083	2,986,168 00	80,738 10	2,224	3,490,867 00	132,182 34
	1884	32	149,500 00	7,761 31	2,033	2,800,601 00	72,392 14	2,204	3,454,300 00	164,567 44
	1885	45	142,000 00	7,881 87	2,055	2,807,892 00	74,225 87	2,100	2,948,000 00	82,107 74
	1886	28	120,500 00	6,144 46	2,068	2,724,268 00	70,645 91	2,189	3,566,300 00	83,624 68
Manhattan.	1882	17	64,050 00	1,800 09	500	1,687,814 00	40,679 29	517	1,751,864 00	63,626 00
	1883	33	159,500 00	6,537 95	508	1,700,864 00	40,863 38	556	1,859,864 00	102,298 00
	1884	70	206,620 00	7,656 20	473	1,639,206 00	39,656 17	543	1,845,826 00	88,546 78
	1885	12	65,580 00	1,946 37	532	1,150,000 00	51,695 91	585	2,177,154 00	61,820 00
	1886	105	410,000 00	17,630 68	311	1,387,755 00	47,285 00	661	2,362,621 00	110,130 00
Mutual Benefit.	1882	81	309,453 00	14,069 60	286	1,483,430 00	39,135 74	405	2,498,980 33	9,500 00
	1883	104	368,800 00	16,461 10	267	1,177,500 00	43,803 65	400	1,527,387 00	36,000 00
	1884	104	416,500 00	17,234 46	321	1,323,300 00	53,501 79	456	2,080,790 00	44,166 67
	1885	145	533,500 00	20,728 42	418	1,590,300 00	61,596 71	596	2,209,540 00	26,666 00
	1886	85	320,000 00	12,262 47	454	1,869,500 00	71,227 38	576	2,193,185 00	33,000 00
Mutual Life.	1882	298	873,405 00	39,006 62	3,295	11,154,856 00	316,395 35	3,618	11,777,261 00	318,354 38
	1883	282	963,915 00	46,545 90	3,361	11,243,591 00	324,103 58	3,582	11,961,006 00	510,433 99
	1884	334	980,630 00	48,372 87	3,688	11,992,326 00	338,456 85	3,729	12,313,426 00	44,198 60
	1885	374	1,159,850 00	63,575 51	2,425	9,342,285 00	353,963 65	3,824	12,613,336 00	320,272 00
	1886	467	1,389,335 00	77,873 51	2,653	9,551,330 00	369,911 77	3,958	13,027,982 00	327,863 16

1886	National, Montpelier, Vt.	61	79,500 00	2,994 10	584	1,650,000 00	63,416 08	1,026	2,726,506 81	100,357 19
1883	New England Mutual	196	512,033 00	22,130 37	671	1,894,500 00	70,912 99	1,234	3,323,671 00	93,135 84
1883	Of Boston.	306	840,161 00	39,999 28	790	2,231,000 00	89,639 67	1,443	3,433,355 00	90,259 47
1884		193	625,000 00	27,478 32	863	2,533,500 00	101,010 28	1,375	3,815,120 00	80,888 00
1885		242	730,000 00	31,847 61	968	2,815,500 00	113,625 86	1,565	4,365,800 00	71,414 00
1886		319	1,001,500 00	41,716 03						
1882	New York Life	123	621,000 00	29,984 04	640	2,823,500 00	110,458 15	1,248	4,450,000 00	46,880 00
1883		132	692,000 00	44,047 04	650	3,027,000 00	111,075 50	1,260	4,461,000 00	82,070 75
1884	Of New York.	714	312,000 00	16,889 57	695	3,230,000 00	134,311 18	1,265	4,520,000 00	59,278 27
1885		109	422,500 00	21,120 51	778	3,235,000 00	130,841 18	1,270	4,500,000 00	144,795 44
1886		178	705,500 00	30,684 41	790	3,451,500 00	134,903 94	1,284	4,728,000 00	91,651 36
1882	Northwestern Mutual	62	171,500 00	8,411 35	165	358,000 00	11,962 94	491	1,190,876 00	63,200 00
1883		107	591,723 00	25,452 80	165	358,000 00	11,962 94	491	1,190,876 00	63,200 00
1884	Of Milwaukee.	154	382,250 00	20,338 90	247	745,600 00	31,108 98	538	1,388,471 00	42,040 00
1885		86	285,100 00	13,193 65	279	887,600 00	37,646 36	538	1,447,721 00	41,844 80
1886		108	335,000 00	13,780 30	504	1,183,050 00	39,366 11	622	1,578,050 00	43,944 00
1882	Pacific Mutual	325	714,106 00	42,980 00	1,451	3,914,403 00	176,915 00	1,811	4,529,189 00	95,368 00
1883		242	687,685 00	32,721 66	1,634	4,193,516 00	190,937 17	1,867	4,885,211 00	110,969 00
1884	Of San Francisco.	208	694,700 00	37,794 24	1,721	4,481,013 00	184,095 14	1,985	5,152,313 00	91,448 00
1885		336	813,426 00	36,807 65	1,446	4,187,413 00	187,662 06	2,020	5,238,446 00	117,006 00
1886		313	835,360 00	35,294 44	1,519	4,345,709 00	193,727 84	2,087	5,468,904 00	98,000 00
1882	Travelers	33	61,838 00	2,067 78	78	210,000 00	7,462 17	98	248,088 00	2,000 00
1883		52	89,906 00	2,363 71	104	224,338 00	9,275 50	123	320,494 00	
1884	Of Hartford.	69	150,000 00	4,267 12	130	337,934 00	14,237 80	138	504,800 00	
1885		38	72,700 00	1,912 91	155	390,994 00	15,765 62	202	468,650 00	
1886		61	169,250 00	5,335 44	184	443,650 00	16,859 04	255	605,900 00	1,955 60
1886	Union Central, Cincinnati	21	110,000 00	5,162 00						
1883	Union Mutual	19	68,000 00	2,082 16	215	648,356 00	19,616 62	234	716,366 00	7,168 00
1884		14	37,500 00	1,626 69	231	678,500 00	18,638 66	246	716,000 00	18,431 39
1885	Of Portland, Me.	81	272,500 00	9,246 78	210	634,000 00	17,793 44	238	638,546 00	25,921 14
1886		87	249,500 00	7,641 00	87		13,702 26		888,046 15	8,733 72
1883	United States	24	43,500 00	2,234 21	40	78,425 00	1,500 71	64	124,925 00	
1884		5	32,500 00	942 74	56	108,515 00	3,051 60	61	141,015 00	
1885	Of New York.	66	139,500 00	5,192 80						
1886		81	165,000 00	6,369 57	51	71,695 00	3,434 50	124	226,195 00	7,000 00
1882	Washington	9	18,500 00	327 61	82	179,620 00	6,544 50	91	198,120 00	
1883		15	48,500 00	3,766 03	88	179,895 00	6,357 67	103	228,395 00	8,377 35
1884	Of New York.	24	85,000 00	2,986 22	100	208,550 00	7,252 74	124	293,550 00	7,208 02
1885		10	44,306 00	2,186 66	122	291,325 05	10,435 74	132	335,511 00	3,866 00
1886		60	120,219 00	3,474 81	92	252,000 00	10,886 47	165	382,555 00	2,083 21

## New Idaho Insurance Law.

### REPEAL OF THE VALUED-POLICY LAW.

The insurance companies have scored an important victory as the result of the firm stand they took against the obnoxious Idaho valued-policy law. They warned the Legislature and the Governor that if the bill became a law, they would write on no buildings in the Territory until the law was erased from the statute books. So far as we know, all the companies kept faith with each other, in their mutual agreement to write on no buildings in the Territory under the valued-policy law. Only the disreputable companies wrote on buildings; and the experience with these wild-cats soon created a sentiment hostile to the new law, and demanding its repeal. We congratulate the companies on their success, and commend them for their fidelity to one another. The law was in force less than a year.

The new Idaho insurance law we print in full below. A paid-up capital of not less than \$100,000 is required of all companies, life and fire and co-operative, except secret or charitable societies. Annual statements must be filed in April. Certificates of Insurance Commissioners are to be accepted as satisfactory. The annual license tax is fixed at \$50. The Governor has appended his signature to the new bill.

### AN ACT RELATING TO INSURANCE COMPANIES.

*Be it enacted by the Legislative Assembly of the Territory of Idaho, as follows:*

SECTION 1. That an act entitled: "An act relating to evidence in actions against Insurance companies on policies issued on property situated in the Territory of Idaho" approved February 2nd, 1885, be and the same is hereby repealed. Also that an act entitled "An Act relating to Insurance Companies" approved January 22, 1881, be and the same is hereby repealed.

SEC. 2. That it shall be unlawful for any fire or life insurance company, association, corporation or partnership incorporated by or under or organized pursuant to the laws of any foreign government, or any State or Territory of the United States, or any person or persons, directly or indirectly to take any risks or transact any business of fire or

life insurance in this Territory, unless possessed of an actual paid-up capital of not less than one hundred thousand dollars.

SEC. 3. It shall be unlawful for any agent of any fire or life insurance company to transact the business of fire or life insurance, within this Territory, unless the insurance company shall have first obtained a certificate of authority from the Treasurer of the Territory; which certificate shall be issued to any agent of such company, whenever the said company shall have filed with the Secretary of the Territory a statement sworn to by the Secretary, President or Manager of said company, showing first, the name and locality of the company; second, the amount of capital stock; third, the capital paid up; fourth, the amount of its assets and liabilities; fifth, net surplus over all liabilities; sixth, the name of the attorney or agent for the Territory, who shall be a resident thereof, upon whom service of civil process in any civil action against said company may be made; seventh, receipts and expenditures during the preceding year.

SEC. 4. The statement referred to in Sec. 3 of this act shall be renewed annually, in April of each year. The first statement may be made at any time.

SEC. 5. It shall be lawful for the agent of any company or companies which have complied with the provisions of this Act to procure insurance through such companies.

SEC. 6. The Secretary of the Territory shall be entitled to the following fees: For filing statements, one dollar each. For issuing certificates, two dollars each. Each certificate shall be renewed upon filing each annual statement, and each certificate shall expire upon the last day of April of each and every year.

SEC. 7. Upon the written representation of three citizens and belief of the Treasurer that any company organized outside of this Territory and doing an insurance business in this Territory has less than one hundred thousand dollars paid-up, unimpaired cash capital, it shall be the duty of the Secretary to make such investigation or require such proof as shall be satisfactory to him concerning the financial condition of such company; Provided, however, the certificate of

the insurance officer of any State having an insurance department, that such company has a paid-up, unimpaired cash capital equal to one hundred thousand dollars, shall be accepted by said Secretary as satisfactory. If such company does not within sixty days after demand by the Secretary produce such certificates, the Secretary shall revoke his certificate of authority to such company to do business in this Territory, and in the meantime may withdraw or withhold his certificate of authority until such certificate is produced. Such company shall pay the expense of such investigation, and upon refusal so to do the certificate of authority may be withdrawn by the Secretary.

SEC. 8. The Secretary shall collect from each company transacting an insurance business in this Territory, an annual license of fifty dollars per annum, payable at the time of filing the first statement, and annually thereafter, at the time of the filing of the statement in April of each year, and before he shall issue his certificate of authority. Blank licenses shall be issued and signed by the Controller of the Territory to the Secretary, from time to time, as required, and charged to him. The Secretary shall make monthly reports on the first of each month to the Controller of the number of licenses issued by him, and the Secretary shall pay to the Territorial Treasurer monthly the amount of all such licenses collected by him, and the Controller shall draw his warrant in favor of the Secretary upon the Territorial Treasurer for ten per cent. of the amount so collected by him as his compensation for such collection; Provided, however, that nothing contained in this act shall be construed to apply to any charitable, secret society, or to prevent the same from issuing benefits to its own members.

SEC. 9. In the event of the total destruction of any insured property on which the amount of the appraised or agreed loss shall be less than the total amount insured thereon, the insuring company or companies shall return to the insured the insurance premium for the excess of insurance over the appraised or agreed loss, to be paid at the same time and in the same manner as the loss shall be paid.

SEC. 10. Any person or agent transacting any insurance business without the certificate herein required, or after such certificates shall have been withdrawn or revoked, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding one hundred dollars, or imprisonment in the County Jail not exceeding six months, or both such fine and imprisonment.

SEC. 11. This act shall take effect and be in force from and after its passage.

### A New Local Fire Insurance Company.

The following confidential circular and correspondence best explain themselves:—

Strictly Confidential.

San Francisco.

Three of the most popular and enterprising business men contemplate the formation of an insurance company, putting up one million dollars each as capital, to do business on the following plan; agents will be solicited to write such risks and lines as they think the company ought to carry, deducting such commission as in their opinion the company ought to pay, and the assured will be requested to name such a rate on his property as he thinks is proper—as compared with that of his neighbor. The secretary will settle all losses by correspondence. It is not the design of this company to make money, but simply to ascertain *how long the three millions will last.*

General, district and local agents, also solicitors wanted. Apply with reference, in writing, and address

"UNDERWRITER,"

Care COAST REVIEW.

San Francisco.

San Francisco, Jan. 24, 1887.

Editor Coast Review:

I appreciate the joke and commend the author for his wit, spiced as it is with sarcastic innuendo; but same suggests to me a scheme that I think would not only be practicable, but eminently profitable, and that is, to organize an insurance company with a substantial paid-up capital, with its proposed line of risks so classified as to hazard and compensatory rates, that hazards of *every known character* could be covered by its policies. I believe this principle to be the true status of insurance, and I have always contended that *every hazard should have its premium rate* even though some should range as high as ninety-five per centum. New light is ever breaking upon the philosophy of underwriting, and

eventually it will become a *science* as it now is simply a *calling*. Do you "concur" as to?

Yours truly, SARNIP.

San Francisco, Jan. 24, 1886.

"Underwriter,"

Care COAST REVIEW.

It affords the writer unspeakable pleasure to learn through your "strictly confidential" communication, that San Francisco has at last produced men with sufficient business judgment to enable them to recognize the fact that the present system of conducting the insurance business is not based upon sound principles.

In this age of Socialism, when capital and labor are arrayed against each other and are drifting widely and rapidly apart, it behooves thinking men to pause and reflect. The widening breach between the insurer and the insured, the black and bottomless abyss that separates the insurer and the "middleman" (i. e., the "solicitor" or "broker"), startle us when we seriously contemplate the situation. It is well that we have among us men with sufficient capacity to appreciate the threatening future, and who have also the ability and liberality to throw themselves into the breach and avert the dread catastrophe.

All honor to these modern emulators of Curtius of old. It does not require a prophet to announce that their scheme will prove an unqualified success. These gentlemen, however, should have the aid and assistance of the best insurance talent in the community. And here, to digress a little, let the writer say that California, with its wonderful production of the precious metals, stupendous vegetables, brilliant and fragrant flowers, large and luscious fruits, thermal belts and choice articles of climate, also produces, indigenous to the soil, a superb article of insurance talent. Scientific research has shown that our State produces more insurance ability to the cubic inch than any other country in the world; age, latitude and temperature being considered.

In proof of this, the writer has only to refer you to the list of insurance offices representing the several local, Eastern and foreign companies, and if that is not satisfactory, then turn to the list of solicitors

and brokers and agents recently issued by the "Pacific Insurance Union." With that bright galaxy (possibly the *gal-axy* might also include the charming stenographers in the several offices) all others sink into insignificance. Hence, there is no occasion to go abroad and import talent. The home production should be encouraged. A high tariff should be placed upon the imported and inferior article. We should not be compelled to compete with an effete Eastern insurance world.

Among the names in the list referred to, many stand out pre-eminently. Modesty forbids the writer to more than obscurely allude to the particular place where his name would be found in such list, but he will simply say that if his name were Abou Ben Adhem (which it isn't), Leigh Hunt's poem would furnish definite information as to the locality. With this simple truth, he is willing to submit his name as an applicant for the position of general manager, and take his chances with the rest.

After looking at the writer's name, it is to be assumed that no "reference" will be required in this case; but, as a matter of form, he begs to refer to the COAST REVIEW, into whose rapacious treasury he has for many years poured ducats for inserting dry statistics in the advertising columns, and sundry puffs and personals in its local columns, and he can reasonably expect from that journal, a "character" porportionate to the amount paid. (He now wishes that he had paid for another page of "ads.")

Inasmuch as there be can no reasonable doubt that the writer's name will soon be announced as such managing officer, he presumes to express the hope that the working plans of the company, as indicated in your "strictly confidential" communication, may be somewhat modified. The writer has given this matter much thought, and hence suggests (perhaps, to save time, it would be just as well to positively announce) that changes be made and the company's business conducted on a simple and satisfactory plan, of which he will at this moment give merely the outline.

1st. No policies will be written, but when a member of the company sustains a loss,

he will at once notify the manager of the maximum amount of his loss. The secretary will be instructed to immediately transmit to the claimant the amount of the loss, less the premium, fixed, of course, by the claimant. This plan saves a vast amount of expense in the way of stationery, printing, clerical service, etc., and positively avoids any possibility of dispute upon any question between the company and the claimant. No vexatious litigation, no exorbitant attorney's fees, no bothersome adjuster and complicated proofs of loss. Millennium, pure and unadulterated!

2nd. Experience has shown that it is well for corporations to have what are termed "preferred" stockholders or members. It tends to make the company popular, especially with the preferred members. Members not in the preferred class are kept in ignorance of the fact that there is such a preferred class, hence, ignorance being bliss, all are happy. This new company will have a "preferred" class, selected upon strictly scientific principles.

Not only "chance" but experience has shown that it is not unreasonable to assume that every one, without reference to race, color or previous condition of servitude, should, during the course of his or her natural life, sustain a loss by fire. (The annotator desires to say that there *are* instances where the fire-damage does not occur until after death.) Such being the case, why should not a company pursuing a liberal course, anticipate these losses and pay them in advance? Think of the untold misery that might be banished from this earth if, say, on arriving at maturity, each individual were paid, say \$10,000, to reimburse him for the probable loss he will sustain in the future.

Now you ask; "How will you select the 'preferred' class?" In the simplest manner in the world; and here is where is made manifest the writer's peculiar fitness for the position of manager of this progressive institution; here is where age, experience and inventive genius tell; and he begs to add that the scheme now about to be made known to an admiring insurance world is solely his own, and he takes this occasion

to warn all, that any infringements upon his rights will be prosecuted to the full extent of the law. The system is protected by letter's patent and the international copyright law.

The "preferred" class are the great people—the "Polloi," as we used to say when we fluently conversed in Greek in our scholastic days. But all the people cannot be "preferred" members. Certainly not! But the people will be members through their representatives. Who are the representatives? Why, those selected to make their laws. In short, the present Solons at Sacramento will be the first set of the "preferred" class.

Election to the California Legislature is election to the "preferred" class. The law-maker is, *ex officio*, a "preferred" member. Immediately upon his election, the "preferred" member will be paid \$10,000 to cover the prospective loss he may sustain. The premium, in such case, to be ascertained by the preferred member, and paid to the company at the convenience of the member.

This plan of making our legislators preferred members will work well. The people will be pleased, as they will be "preferred" members through their representatives. To be sure, the people will not receive *direct* benefit (that is, if the legislators thoroughly understand themselves, and the average legislator usually *does* understand himself) but the *theory* is good. The legislator will undoubtedly be pleased, and so will be the creditors of the legislator. The three gentlemen who are the organizers and promoters of this scheme will be pleased, as they will, during their lifetime, see their ideas carried to a rapid and successful completion.

3d. Membership is provided for on a simple plan. Everybody is eligible, and upon sending in his or her name, becomes at once a member. Should any hold back and not join promptly, inducements to come in might be offered in the way of handsome chromos. "Chronicle Sewing Machines" could be given as prizes for clubs of ten or more.

Champagne and oyster lunches will be spread every day, free to all members. (This

latter plan is suggested by the favorable experience of the insurance institution not a thousand miles from the corner of California and Sansome Sts., at its annual election of directors.)

General agents, local agents, solicitors and brokers will all be provided for at high salaries. Their services will be required in assisting claimants to arrive at the amount as their losses. Other progressive features will be introduced.

Please send at once my commission as general agent—and perhaps my first quarter's salary might as well be anticipated—so, unless I hear from you to the contrary, I will draw on you to-morrow, at sight, for first installment, viz., Ten Thousand Dollars.

Please send the \$10,000 to each of our Senators and Assemblymen at Sacramento—and at once, before they have time to legislate adversely to such scheme. (This for obvious reasons.)

Yours, even more "strictly confidentially,"

PROGRESSIVE UNDERWRITER.

P. S. Send that \$1,200,000 to Sacramento at once—then George Dornin need not go up there.

P. U.

### Portland Correspondence.

PORTLAND, OR., January 26, 1887.

EDITOR COAST REVIEW:

As far as our city is concerned, we can hardly complain of our experience during the year 1886. We did not show up quite as well as in 1885, but all companies figure up a balance on the right side. In your last issue you say, "Oregon losses advanced 300 per cent." This, several agents here think, reads rather badly for us, for you must bear in mind that 1885 was an extremely light year for Oregon losses; hence it does not take so very much to run the percentage up considerably.

#### FOUR YEARS' LOSSES.

Through the courtesy of Commissioner Stone, I have before me the fourth annual report of the Board of Commissioners P. F. D. From it I glean the following facts and figures. Our city losses for the past four years, since the organization of the paid department, are as follows:

	Losses.	Insurance Involved.	Insurance Paid.
1886.....	\$98,146 46	\$324,614 50	\$65,667 26
1885.....	55,404 58	141,800 00	38,736 33
1884.....	403,113 90	738,030 00	337,997 96
1883.....	319,592 20	699,750 00	252,721 22

Total for 4 yrs..\$876,257 14 \$1,904,094 50 \$695,117 77

#### FIRE DEPARTMENT.

The amount expended for department and claims audited foot up (including deficiency paid of 1884 and 1885 of \$8,600.26) \$66,478.76. The estimates asked for 1887 amount to \$66,861.16. The following pertinent remarks by the Commissioners I reproduce, and it is to be hoped that the city fathers will see the necessity of acting upon them immediately. They say:

Our Fire Department at the present time in its appointments is far behind other cities of equal importance. A new Hayes truck of greater capacity than our present one is absolutely necessary for the protection of property and saving of life, and our relief engines are worthless for fire service, and there is urgent need for a new relief engine. We have made no allowances for these two important items in our estimate. A Hayes truck, such as is needed, will cost about \$4,000, and an engine will cost \$4,500.

#### WATER SUPPLY.

We have plenty of water east of Third street, but even with the assistance of the Hydraulic Company we have none too large a force to cope with a conflagration east of Front street and along the river. The northwestern and extreme southwestern portions are very poorly supplied.

#### RIVER FRONT.

One should visit the immense frame docks along our river front, which in many cases in the thickly settled parts of the city are exposures to brick buildings containing large and valuable stocks of merchandise, situated on the east side of Front street. Also such structures as the Steamship, Ainsworth, Greenwich (Nos. 1 and 2), Columbia and Mersey docks, with their immense stocks of merchandise (millions of dollars in value) continually passing through them, would then realize that the department and its appointments are not large enough.

A department may have fine horses, may boast of its quick hitching, be under the finest discipline with ever so efficient a chief, and yet be powerless to cope with fire without apparatus and the necessary appliances to work with and plenty of water.

#### FIRE BOAT.

There are few cities of equal commercial importance as this city similarly exposed to so great an extent along the front of its commercial center as Portland. We have dispensed with the Fire Boat

and are banking on luck in going without one. A good Fire Boat capable of throwing from three to six strong streams will be one of the imperative necessities of the future. The immense warehouse and mill interests of Albina and East Portland should contribute towards the support of a Fire Boat; as it now is a fire would have full sway on the river side of any buildings fronting either side of the river.

Some of the economical members urged a reduction, but Commissioner Story made a gallant fight, and in glowing terms pictured what devastation might occur at any time if they tampered with the efficiency of the department, and mainly to his efforts are we indebted for the continued favorable allowance.

This dropping of the Fire Boat, though, is a very serious matter. At only one serious conflagration on the river front such a boat would more than pay for itself, and the companies interested here cannot afford to rest until this matter is satisfactorily settled. I recommend prompt action. Let rates be materially advanced along the whole line of the river, or let all companies refuse to write on these warehouses until the requisite protection is provided.

In reference to the water supply, etc., Chief Morgan speaks as follows:

#### WATER SUPPLY.

Our supply of water remains about the same, no improvement of any importance having been made, with the exception of a new main running from Sixth and Clay to Salmon; thence up Salmon to Twelfth; thence down Twelfth to Taylor, along Taylor to Lownsdale to stand pipe, on which I have attached four new hydrants. Also connected the cisterns on the line with 3-inch gates.

The Portland Water Company pump direct from the river through a thirty-inch main to their reservoirs, or if need be the supply can be pumped direct through mains leading throughout the city. The capacity of these new pumps alone is 16,000,000 gallons every twenty-four hours. The works located at the foot of Lincoln street are in good working order, and the Water Company, at a moment's notice, could start these pumps also, and thereby give us all the water we could wish for from cisterns and hydrants located on their mains.

The Hydraulic Elevator Company have completed their line of hydrants, and they now extend from Market to G street, on First street at every corner; also a line extending from Market, on Front street, to Mersey dock in the north end of the city. These hydrants are capable of throwing double streams, the pressure being 90 pounds to the square inch.

I have not at this time, or for the future, any

hesitancy in saying that all that portion east of Third street is amply protected and defies comparison with any city of equal importance or proportions. While we have this protection east of Third street, we have a sufficient force of apparatus and men able to cope with any fire west of that point, in what is known as the "residence portion," with the exception of the northwestern portion of the city, and I would again recommend the building of a cistern on North Nineteenth and M streets. The building of this cistern is an urgent necessity, that portion of the city having no water for fire purposes west of Fifteenth street, and north of G street, and in case of fire we would simply have to let it take its course.

#### BUSINESS.

The agents seem satisfied with the past year's business, and while most of them do not claim much increase, still they note a quiet, healthy growth. Our present outlook is favorable, for we have pretty well recovered from the effects of the collapsed boom.

The amount expended on improvements (including \$200,000 for bridge across the Willamette) in Portland and vicinity is quoted at about \$1,989,191. The city recently purchased the Portland Water Works, paying therefor the sum of \$450,000. The water is obtained from the river. The quality is not as good as it might be, hence, at a cost of a million or more, it is the intention to bring in a larger and better supply from Bull Run. I interviewed Col. Smith, the City Engineer, in regard to the increased benefit to be derived from this new system, for fire purposes, and he has kindly handed me the following communication:

#### NEW WATER SYSTEM.

In reference to the efficiency of the fire service consequent on bringing in a water supply from Bull Run, I can give you the following information: The water from Bull Run will be delivered by gravity into a reservoir in the City Park, 285 feet above the city base. The distribution pipes will be taken from a tank 65 feet below the reservoir, and will give a fire pressure on all hydrants in the low service, covering all the business portion of the city and a large portion occupied for residences. The water falling from the reservoir to the tank will be used to drive a hydraulic pump, which will lift the water from the reservoir to any height required, and will give a fire pressure on all hydrants in the higher service.

It is proposed to put in about 200 hydrants in addition to 100 now in use, of which there will be

a fire pressure, thus dispensing with the use of engines, which will, however, be kept in reserve for emergencies. The efficiency of the fire service will be much increased on account of the saving in time, as the streams can be directed on the fires without the delay of getting up steam in the engines.

#### LEGISLATION.

The Oregon Legislature is in session, and the cumbersome law machine is grinding out new measures day and night; some of them are positively startling. To the average human being—who glances over the budget of new laws introduced for suffering humanity—it must indeed seem strange how we manage to exist for two years at a time without the aid and counsel of these Solons. For the past four years we have at least had a good Governor, Mr. Moody, full of common sense, and who, having represented some insurance companies, knew something about the business, and as we have cause to remember, used his power accordingly; but the present incumbent is an obstinate crank. If any unjust measure should pass, the companies could not reasonably expect Governor Pennoyer to interpose his veto. Geo. A. Steel, who represents the Anglo-Nevada and the State Investment, is a Senator and has considerable influence, which he will use in our behalf, but I fear that he single-handed will not be able to stem the torrent. Unfortunately for us, there is no United States Senator to be elected this time, so the main energies of the average Senator and Assemblyman seem to be to elect the insurance companies to pay a heavy tax.

Up to present writing there are twelve different insurance bills under consideration. One of course is the valued policy nightmare; another wants us to pay \$750 annual tax. One bill calls for \$300 per annum, to pay for volunteer companies; still another wants the deposit repealed, and so on. One, that I understand has a good chance of passing, is the Munger bill, which in some respects we favor. The *Oregonian* speaks of it as follows:

#### A NEW INSURANCE LAW.

Of the several new bills introduced to-day the most important is that by Munger, relating to insurance. It is a very comprehensive measure, and is intended to cover the whole ground. The

present law requires from foreign companies doing business in the State little more than a deposit of bonds to insure the payment of losses, and an agreement, through the filing of a power of attorney, to accept service in the event of being sued. There is no law governing the organization and privileges of domestic insurance companies. The bill provides a system to cover these companies and defines clearly the difference between them and foreign companies. It creates a State Insurance Commissioner, to whom all companies are required to make annual statements and whose certificate is required before a company can do business. He is to have power at any time to examine into the financial condition of any company. The salary of the Commissioner and all expenses of his office are to be met with receipts paid by the companies. Blanks alone are to be supplied by the State. The companies are to be taxed upon their net premiums. The bill repeals the law requiring companies organized outside the State to deposit \$50,000 in the State Treasury, it being claimed that if this requirement is abolished the largest American companies, which are not represented here now, will enter this field and contest for a share of the business, affording to insurers greater facilities than they now have. The bill provides that foreign companies shall appeal only to the State courts. It has the retaliatory and reciprocal features of the insurance laws of various other States, and seeks to be in harmony with them. Beneficiary funds, such as the so-called insurance departments of the Masons, Odd Fellows, A. O. U. W. and others, are not classed as insurance companies.

The amount we should be called on to pay annually for taxes, if the present introduced measures should become laws, approximates \$2,500.

I understand that the Northwestern people, thinking that the compact companies are pressing for an Insurance Department, retaliated by sending up an iron-clad valued policy bill. I am further informed that this same concern has taken in some \$30,000 in less than five months.

#### ITEMS.

President White, of the Oregon F. & M. Insurance Company, informs me that the company will shortly declare a dividend.

Compact matters are running along pretty smoothly. Mr. Niles did some good work while here; Mr. Sinclair, who succeeded him, I understand resigns on the first of next month, to accept special's work.

H. E. Parkhurst, who was with Mr. Hillman when he started here, has returned to



1803

# IMPERIAL

FIRE INSURANCE CO., OF LONDON

(Instituted 1803.)

<i>Capital Paid in,</i>	- - - -	<i>\$3,500,000 00</i>
<i>Assets, January 1st, 1886,</i>	- -	<i>9,581,953 00</i>
<i>Invested in the United States,</i>		<i>1,620,506 00</i>

## PACIFIC DEPARTMENT

Having Jurisdiction over the States of California, Oregon, Nevada, Colorado, and the Territories of Washington, Idaho, Montana, Wyoming, Utah, New Mexico and Arizona.

GEO. D. DORNIN, Manager.

WM. SEXTON, Assistant Manager.

215 Sansome Street, San Francisco, Cal.



# WASHINGTON

FIRE AND MARINE INS. COMPANY

OF BOSTON.

<i>Capital Paid in,</i>	- - - -	<i>\$1,000,000 00</i>
<i>Assets, January 1st, 1886,</i>	- -	<i>1,810,273 00</i>

## PACIFIC DEPARTMENT

Having Jurisdiction over the States of California, Oregon, Nevada, Colorado, and the Territories of Washington, Idaho, Montana, Wyoming, Utah, New Mexico and Arizona.

GEO. D. DORNIN, Manager.

WM. SEXTON, Assistant Manager.

215 Sansome Street, San Francisco, Cal.



Subscribed Capital, - - - \$4,125,000 00

Capital and Gross Assets, - - - 4,712,747 00

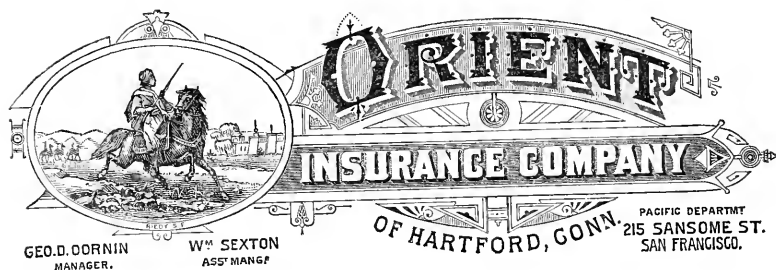
PACIFIC DEPARTMENT FOR

The States of California, Nevada, Oregon, Colorado, the Territories of Washington, Idaho, Montana, Wyoming, Utah, Arizona, New Mexico, and the Hawaiian Islands.

GEO. D. DORNIN, Manager.

WM. SEXTON, Assistant Manager.

215 Sansome Street, San Francisco, Cal.



Capital, - - - - - \$1,000,000 00

Assets, January 1st, 1887, - - - 1,604,486 00

PACIFIC DEPARTMENT FOR

The States of California, Oregon, Nevada, and the Territories of Washington, Idaho, Utah, Arizona and New Mexico.

GEO. D. DORNIN, Manager.

WM. SEXTON, Assistant Manager.

215 Sansome Street, San Francisco, Cal.

us, after having been in San Francisco and Salt Lake offices.

There have been a few agency changes during the past year. The Scottish went over to Thompson & Rikken; Coffran's companies to Henry Hewitt; the Fire Association to E. L. Reed. The Anglo-Nevada started up here with Steel & Co. The only new house to enter the field was A. S. Frank of Frank Bros. & Co., who secured the Phenix and American, with J. J. Sheehan, formerly with the New Zealand, but later with F. V. Andrews & Co., as business manager. Theo. Allen, for a long time manager for Laidlaw's agency, was appointed special agent for the Commercial Union. Deputy British Vice Consul Gilmore was promoted to Mr. Allen's position.

Secretary Wallace of the Fire Commissioner's office (to whom, by the way, I am indebted for many courtesies in obtaining statistics for your journal) resigned his position in order to go into business with his father-in-law, E. Oldendorff, under the firm name of E. Oldendorff & Co. Both gentlemen stand high in the community and their business is a growing one. The "fire ladies" presented Mr. Wallace, upon retiring, with a handsome gold-headed cane.

E. L. Reed has recently associated Messrs. Sears and Stevens with him. Mr. Sears is ex-Sheriff of this county, a position worth \$20,000 per annum. Mr. Stevens is at present and has been for a number of years Deputy United States Marshal. The firm name is now Reed, Sears & Stevens.

The New Zealand, under the management of W. F. Brown, assisted by Mr. Andrews, is progressing very favorably, and, by judicious management, is showing as good results as the majority of companies here.

It is expected and earnestly hoped that both the Le Camas Paper Mills Company and the Molson Cordage Company will, in spite of their being heavy losers over the insurance received, start up again shortly. The Medical College, which burned recently, was eagerly sought after by all companies, being considered a very good risk. The origin of the fire is still a mystery. It is being rebuilt, and will soon be finished.

Your exposé of the kind of an insurance concern Mickel (who suddenly disappeared) was running, gave the authorities a new clew, by following which out they have come to the conclusion that instead of being murdered he has "jumped" the State. It is reported that the day before he became mysteriously non est he took \$6,000 additional life and accident insurance on his life.

#### PRINDLE.

In your January (1884) issue, also in February number, 1886, you introduce Henry Prindle, Esq., to the public in not very glowing terms; the sequel which I clip from the *Oregonian* files of recent date is as follows:

Yesterday morning in Department No. 2 of the State Circuit Court the indictment charging one H. Prindle with larceny by bailee was dismissed, and he was arraigned on four indictments for embezzlement. Some time last summer while Geo. La Rocque was in Victoria he gave Prindle a power of attorney to act for him. Prindle sold an interest La Rocque had in a farm for \$1,900, collected two promissory notes, one for \$900 and one for \$500, and sold to Emil Weber Geo. La Rocque's interest in the La Rocque estate for \$500, and appropriated all the above sums of money to his own use. Prindle made a plea yesterday of not having his attorney on hand, saying at the same time that Col. Edgerton of San Francisco would defend him. The Judge, however, remembering that he made the same plea last September, and that as his counsel had not arrived yet, gave him until Saturday to find his lawyer, and in case he failed the Judge would appoint one for him. Prindle is a swindler from "away back." He is a man of excellent business ability, well educated, of good family, and capable of making money fast in an honest way, but in the last fifteen years has been guilty of several large embezzlements.

#### LIFE NOTES.

Life insurance has just closed a most prosperous year. A half dozen of the leading companies and three or four minor ones are occupying the field, and all did a good business in 1886, and open the new year with an encouraging outlook. While competition is lively enough to keep the workers wide awake, it seems to be of a fairly friendly sort. The methods so prevalent in the East, which threaten to very seriously affect the interests of agents, and, through them, ultimately the companies,

fortunately are not generally in vogue here. The most pernicious of the practices is that of giving discounts to secure business. The whole thing is bad, and it ought to be understood that those who resort to it do so because either the merits of their company or the abilities of the agent are so deficient as to make it impossible to secure business legitimately.

Our co-operative friends are numerous and active. At a recent meeting of the A. O. U. W. people, an address was delivered by Dr. James Brown, P. G. M. D., which was published in the *Oregonian*, thus calling attention to its glaring misstatements of fact and theory, as appeared from an answer to it by General Agent Francis of the Northwestern.

A good many have asked me for particulars about this concern, which advertises as follows:

A general agency for this section of the Pacific Coast is about to be located at Portland by the Home Benefit Life Association of San Francisco, Cal., the largest level premium life insurance company of the Pacific Coast. Said association respectfully solicits applications for the agency from men capable of managing same, those of large general business acquaintance preferred. Previous experience in life insurance business not necessarily requisite.

A. May is now the general agent for the Equitable for Oregon, Washington Territory and Idaho. He reports having nearly doubled his business in the past twelve months. J. B. Wrangham has recently arrived here from San Francisco, and takes charge of the office.

J. A. Wisner has recently been appointed special agent of the Mutual Life Insurance Company of New York for the Northwestern circuit, of which P. C. Schuyler is agent. So far he is extremely satisfied. Recently he came from Astoria with flying colors, having "knocked out" some of the co-operatives most severely. He has a company that can do it.

One Col. W. B. Shaly has been swindling the people into handing him many shekels for the Mutual Benefit Life Association of America; but, the concern getting to be understood, he has "vamosed" to Los Angeles.

### The Nevada Insurance Report.

The State Controller of Nevada, J. F. Hallock, has issued his annual report for 1886, in which he refers to insurance matters as follows:

"The law requires no annual statements to this department from insurance companies, consequently no report can be made further than this: During the year ending December 31, 1886, twenty-two fire insurance companies of the United States, nineteen fire insurance companies of foreign countries, and four life and accident insurance companies of the United States, were authorized to transact insurance business in this State, and as no great conflagrations occurred, and there was no unusual loss of life, the presumption is that the companies did fairly well. A higher average rate of premium for insurance against fire is imposed upon this State than upon any other State or Territory of the Union, but this is not deemed sufficient by the insurance companies doing business in this State, and they impose an additional tax of 5 per cent. on premiums presumably to offset the license tax imposed by the State, and of this we most complain. When the fact is considered that our insurance law was formulated, and its passage secured by an insurance man, and that it is more liberal in its provisions, and less onerous in taxation prescribed for insurance companies than the insurance law of any other State or Territory, it is hard to conceive the justice of this additional and unusual tax, and we hope to bring the insurance companies to see that there is injustice in it. I have no suggestion to offer in reference to legislation. In fact I believe that legislation is too apt to be not only inimical to insurance companies, but to the best interests of the people of the State as well, and I believe it advisable to make haste slowly in revising insurance laws."

The COAST REVIEW will add that if a higher average rate of premium for fire insurance is imposed in Nevada than in other States, the character of the buildings, the absence of water supplies and of suitable fire-fighting appliances, and the extent of a bad moral hazard, all justify high rates. The Legislature of Nevada, in exacting a high license tax on the premium income, increased the cost of the insurance that amount, and the companies, in adding the additional five per cent., took the simplest way of teaching the lesson that policyholders necessarily pay all such extra and abnormal taxes.

The lesson, though a plain one, does not seem to have been learnt; else the

law would have been repealed, and Mr. Hallock would himself have taken the initiative by recommending the abolition of this additional tax on men who require fire insurance. Under the law, as it now stands, fire policyholders in Nevada pay an unjust share of the taxes, and another and large portion of the tax-payers, such as mine, land and stock owners, pay less than their just share.

### Fire Underwriters' Association of the Pacific.

#### ANNUAL MEETING THIS MONTH.

The annual meeting of the Fire Underwriters' Association of the Pacific is fixed for the 15th inst. Papers will be read on various topics, as usual, and in the evening the members will endeavor to forget, at a grand banquet, all the dry things they have heard read and discussed during the day. The session will probably last two days. All the members of the several committees are requested and expected to contribute a paper of any length or shortness, out of the abundance of their experience and observation on the subject given to their respective committees. Looking over the list we find every reason to believe that the committees have been well chosen, and that each member, if he will permit the spirit to move him, can give us a brief, interesting and serviceable paper. Do not say that the subject's all are threadbare. They will be if you "read up" what your predecessors have written, for then you can't well help repeating, parrot-like, what you have stuffed yourself with. Go down into your "inner consciousness" and return with pearls. But this excellent advice of ours is rather late, for here it is the 10th, and the meeting occurs on the 15th. Following are the names of the several gentlemen who have been invited to put themselves to torture and produce a few original ideas properly clad in language suitable to the advanced intelligence of their hearers:

Local Agents—C. F. Mullins, J. W. G. Cofran, D. B. Wilson.

Forms of Policies—C. P. Ferry, B. Faymonville, D. B. Bush Jr,

Losses and Adjustments—W. L. Chalmers, J. M. Thompson, Wm. H. Lowden.

Legislation and Taxation—L. B. Edwards, R. Herold, Geo. C. Pratt.

Fire Department and Water Supply—C. P. Farnfield, A. R. Gurrey, Geo. W. Dornin.

Statistics—W. P. Thomas, Wm. F. Herrick, H. Bronson Smith.

Knapsack—Geo. F. Grant, and one hundred others, more or less.

### California Accident Business.

We print this month a table of the accident business transacted in California. The returns are incomplete, owing to the failure of the Accident Insurance Company of North America to file its statement with the Commissioner. The figures at hand, however, indicate that the business was not so good as for the previous year, but the losses were far less. The following summary of the increase and decrease in several particulars by these companies will show the changes effected during the year. The accident figures of the Pacific Surety Company, which recently added an accident department, are not segregated in the table, and could not well be included in the following comparison:

No. New Policies Written.	In-crease.	De-crease.
Travelers.....	...	644
Pacific Mutual.....	505	...
Fidelity & Casualty.....	...	108
Total.....	...	247
Premiums on New Business.		
Pacific Mutual.....	\$5,637	.....
Travelers.....	...	\$392
Fidelity & Casualty.....	...	4,731
Total.....	514	.....
Renewal Premiums.		
Fidelity & Casualty.....	...	\$4,925
Pacific Mutual.....	\$3,334	.....
Travelers.....	...	3,761
Total.....	...	5,342
Policies in Force Dec. 31, 1886.		
Fidelity & Casualty.....	...	58
Travelers.....	...	291
Pacific Mutual.....	...	463
Total.....	...	116
Losses Paid.		
Travelers.....	...	\$38,518
Pacific Mutual.....	11,204	.....
Fidelity & Casualty.....	1,668	.....
Total.....	...	25,646

The *Chronicle*, *Weekly Underwriter* and *Spectator* have donned handsome new dresses.

## Insurance Bills in the California Legislature.

All the more important bills introduced in the California Legislature at the present session we reprint, as follows. Several other bills propose minor changes. Comment is made elsewhere:

### Anti-Compact.

#### SENATE BILL NO. 59.

AN ACT TO AMEND SECTION SIX HUNDRED AND SIXTEEN OF THE POLITICAL CODE, RELATING TO INSURANCE COMPANIES.

*The People of the State of California, represented in Senate and Assembly, do enact as follows:*

Section one (1) of Section Six Hundred and Sixteen (616) of the Political Code is hereby amended so as to read as follows:

The Insurance Commissioner must require, as a condition precedent to the transaction of insurance business in this State by any foreign corporation or company, that such corporation or company shall file in his office the name of an agent and his place of residence in this State, on whom summons and other process may be served in all actions or other legal proceedings against such corporation or company. All process so served gives jurisdiction over the person of such corporation or company. The agent so appointed and designated shall be deemed in law a general agent, and must be the principal agent or chief manager of the business of such corporation or company in this State. Any such foreign corporation or company shall, as a further condition precedent to the transaction of insurance business in this State, and in consideration of the privilege to transact such insurance business in this State, make and file with the Insurance Commissioner an agreement, or stipulation, executed by the proper authorities of such corporation or company, in form and substance as follows:

The (giving name of corporation or company) does hereby stipulate and agree, that in consideration of the permission granted by the State of California to it to transact insurance business in this State, that if at any time said corporation or company shall be without an agent in this State on whom summons or other legal process may be served, service of such summons or other legal process may be made upon the Insurance Commissioner, such service upon the Commissioner to have the same force and effect as if made upon the corporation or company. Whenever such service of summons or other legal process shall be made upon the Insurance Commissioner, he must, within ten (10) days thereafter, transmit, postage paid, by mail a copy of such summons or other legal process to the company or corporation, addressed to the President or Secretary thereof, at its home or principal office. Such copy must be certified by the Com-

missioner, under his hand and official seal; and the sending of such a copy by the said Commissioner shall be a necessary part of the service of summons or other legal process.

Any such foreign corporation or company shall, as a further condition to the transacting of insurance business in this State, and in consideration of the privilege of transacting such business in this State, refrain from entering into any compact, agreement, or contract of any kind or nature with any other insurance company or companies, the object of which shall be the fixing of the rates for insurance or the creating of an insurance monopoly, but each and all of said corporations or companies so permitted to do business in this State shall conduct said insurance business in such a manner that free competition shall exist among said companies or corporations to the end that no monopoly shall be created against the rate payers. Any corporation or company violating any of the provisions of this section shall forfeit their right to do business in this State, and it shall be the duty of the Insurance Commissioner to forthwith revoke and cancel their license, and take such other measures as may be necessary to carry out the provisions of this section.

### Title Insurance Surplus Fund.

#### SENATE BILL NO. 82.

AN ACT RELATING TO INSURANCE, TO AMEND AN ACT ENTITLED "AN ACT TO ESTABLISH A CIVIL CODE," APPROVED MARCH TWENTY-FIRST, EIGHTEEN HUNDRED AND SEVENTY-TWO, AS AMENDED BY AN ACT ENTITLED "AN ACT TO AMEND THE CIVIL CODE, RELATIVE TO INSURANCE," APPROVED APRIL FIRST, EIGHTEEN HUNDRED AND SEVENTY-EIGHT, AND TO ADD A NEW SECTION THERETO, TO BE KNOWN AS SECTION FOUR HUNDRED AND THIRTY-TWO.

*The People of the State of California, represented in Senate and Assembly, do enact as follows:*

SECTION 1. Section four hundred and twenty-nine (429) of the Civil Code is amended so as to read as follows:

Section 429. No corporation formed hereafter under the laws of this State, and transacting fire, marine, inland navigation insurance business, or insurance provided for by section four hundred and twenty (420) of this Code, except insurance of the title to real property, must make any dividends except from profits remaining on hand after retaining unimpaired:

1. The entire subscribed capital stock;
2. All the premiums received or receivable on outstanding marine or inland risks, except marine time risks;
3. A fund equal to one-half of the amount of all premiums on all other risks not terminated at the time of making such dividend;
4. A sum sufficient to pay all losses reported in course of settlement, and all liabilities for expenses and taxes.

SEC. 2. The following is added as a new section to said Code, to be known as section four hundred and thirty-two (432):

Section 432. Corporations transacting business in insuring titles to real estate shall annually set apart a sum equal to twenty-five per cent. of their premiums collected during the year, which sum shall be allowed to accumulate until a fund shall have been created amounting to ten per cent. of the subscribed capital stock. Such fund shall be maintained as a further security to policyholders and shall be known as the surplus fund; and if at any time such fund shall be impaired by reason of a loss, the amount by which it may be impaired shall be restored in the manner hereinabove provided for its accumulation. The reporting of a loss shall be deemed an impairment of such fund for the purposes of this section. Such corporation must not make any dividends except from profits remaining on hand after retaining unimpaired:

1. The entire subscribed capital stock;
2. The amount owing to the surplus fund under the provisions of this section;
3. A sum sufficient to pay all losses reported or in course of settlement which shall be in excess of the surplus fund, and all liabilities for expenses and taxes.

SEC. 3. This Act shall take effect from and after its passage.

#### Costs of Suits.

##### ASSEMBLY BILL NO. 163.

AN ACT TO ADD A NEW SECTION TO THE CODE OF CIVIL PROCEDURE, TO BE NUMBERED FOUR HUNDRED AND SIXTY-SIX, RELATIVE TO THE PLEADINGS, EVIDENCE, AND COSTS IN ACTION UPON POLICIES OF FIRE INSURANCE, IN CERTAIN CASES.

*The People of the State of California, represented in Senate and Assembly, do enact as follows:*

SECTION 1. The following new section is hereby added to the Code of Civil Procedure, to be numbered four hundred and sixty-six:

466. In an action upon a policy of fire insurance, the production in evidence of the policy shall be *prima facie* evidence that the property was at least of the value of the amount for which it was insured. If the defendant desires to litigate the value of the property as alleged in the complaint, he shall set up in his answer what he claims to have been the true value at the time of the loss; and such an allegation shall be affirmative matter and constitute a cross-complaint, and unless denied by the answer of plaintiff thereto, shall be deemed the admitted value of the property. In case that, by the verdict or decision, it is found that the value of the property destroyed was greater than the sum so fixed by the answer of defendant, then, as additional costs in the case, there shall be taxed for plaintiff, attorney's fees of twenty (20) per cent. upon the amount recovered, on all sums up to three thousand dollars, and of ten (10) per cent. upon all sums over three thou-

sand dollars and up to ten thousand dollars; and of five (5) per cent. upon all sums so recovered over ten thousand dollars.

#### Mutual Insurance.

##### ASSEMBLY BILL NO. 142.

AN ACT TO AMEND SECTION FOUR HUNDRED AND NINETEEN OF THE CIVIL CODE, AND TO ADD A NEW SECTION TO SAID CODE, TO BE KNOWN AS SECTION FOUR HUNDRED AND TWENTY-ONE, RELATING TO FIRE INSURANCE.

*The People of the State of California, represented in Senate and Assembly, do enact as follows:*

SECTION 1. Section four hundred and nineteen of the Civil Code is hereby amended to read as follows:

Section 419. Every company, corporation or association hereafter formed or organized under the laws of this State, for the transaction of business in fire, marine, inland navigation, or life insurance, must, except as provided in section four hundred and twenty-one of the Civil Code, have a subscribed capital stock equal to at least two hundred thousand dollars, twenty-five per cent. of which must be paid in previous to the issuance of any policy, and the residue within twelve months from the day of filing the certificate of incorporation. No person, corporation or association, organized or formed under the laws of any other State or country, as a stock company, must transact any such insurance business in this State, unless such person, corporation or association has a paid-up capital stock equal to at least two hundred thousand dollars in available cash assets, over and above all liabilities for losses reported, expenses, taxes, and reinsurance of all outstanding risks, as provided in section six hundred and two of the Political Code of this State. Nor must any person, corporation or association, organized or formed under the laws of any other State or country, as a mutual insurance company, transact any such insurance business in this State, unless such person, corporation or association possesses available cash assets equal to at least two hundred thousand dollars over and above all liabilities for losses reported, expenses, taxes, and reinsurance of all outstanding risks, as provided in said section six hundred and two of the Political Code of this State.

SEC. 2. A new section is hereby added to the Civil Code, to be known as section four hundred and twenty-one, which section shall read as follows:

Section 421. Corporations or associations may be formed or organized in this State upon the mutual plan, and not for profit for the transaction of business in fire insurance in this State. Any such mutual fire insurance corporation or association shall not be required to have a capital stock, but shall at all times have not less than fifty thousand dollars in premiums, of which not less than ten per cent. shall be paid up in cash, and

the residue shall be composed of premium notes based upon actual bona fide fire insurance; and upon complying with the law in other particulars, any such mutual insurance corporation or association shall be entitled to conduct and carry on a fire insurance business in this State, and shall be entitled to a certificate of authority from the Insurance Commissioner, as provided in section five hundred and ninety-six of the Political Code.

Sec. 3. This Act shall take effect immediately.

#### Solicitors' License.

##### SENATE BILL NO. 141.

AN ACT TO AMEND THE POLITICAL CODE OF CALIFORNIA BY ADDING THERETO A NEW SECTION, TO BE KNOWN AS SECTION SIX HUNDRED AND THIRTY-FIVE, PRESCRIBING THE CONDITIONS, PRECEDENT TO CONDUCTING THE BUSINESS OF SOLICITOR OF FIRE INSURANCE, AND DEFINING THE DUTIES OF THE INSURANCE COMMISSIONER AND INSURANCE COMPANIES, IN RELATION THERETO.

*The People of the State of California, represented in Senate and Assembly, do enact as follows:*

SECTION 1. The following new section is hereby added to the Political Code of California:

Section 635. No person or firm shall, in this State, act as the solicitor, agent, or broker of any fire insurance company or companies, or solicit, procure, or invite any contract of fire insurance, or write any fire insurance policy upon any property, until he has produced to the Insurance Commissioner and filed with him a duplicate power of attorney, or commission of authority, from any company or companies, or their authorized agent or agents, empowering him to act as such solicitor, agent, or broker, and specifying the county or counties in which he is empowered to act. Upon filing such power or powers, the Commissioner shall issue to him a license to act as such solicitor, agent, or broker for such company or companies, in such county or counties; *provide*, such company or companies have authority to do business in this State. And no person who is a defaulter to any fire insurance company shall be entitled to receive a license under this Act. Such license shall continue in force twelve months from the date thereof. Such license shall be renewed from time to time, for an additional period of twelve months, on production to the Commissioner by the holder of a certificate from such company or companies that such person's authority as such solicitor continues. For each such license, or renewal thereof, the Commissioner shall collect and pay into the State Treasury, which shall be apportioned to the School Funds of the State, at the same time or times that he pays over other fees and assessments collected by him, the sum of two hundred dollars for each and every county to which such license extends. The Commissioner shall keep an alphabetical list of the names of persons or firms to whom such licenses shall be issued, with the date of the license and renewal, and the name of the

company or companies for which such person or firm is working. If any person shall, under a false or fictitious name, procure, or attempt to procure, a license to act as such solicitor, agent, or broker of any fire insurance company, he shall be guilty of a misdemeanor. Any person or firm who shall, after this Act takes effect, procure, solicit, or invite the taking of any fire insurance policy, or shall write any such policy, without having first obtained the license herein provided for, shall be guilty of a misdemeanor. No insurance company doing business in this State shall issue any fire insurance policy upon any property situated in this State, when such policy has been procured, or written, solicited, or invited by an unlicensed solicitor, agent, or broker, and in case any such policy shall be issued, the company issuing the same shall be liable in a civil action, at the suit of the Insurance Commissioner, for the said sum of two hundred dollars—the amount of an annual license for one county. And it is hereby made the duty of the Insurance Commissioner, whenever he shall receive information of the issuance of any fire insurance policy, which has been procured, or written, solicited, or invited by any unlicensed solicitor, agent, or broker, to commence an action for said sum of two hundred dollars against the company issuing such policy, and diligently prosecute the same. In case of the refusal or neglect of the Insurance Commissioner to commence such action within thirty days after having been informed in writing of the issuance of such policy, then the person furnishing such information may, and he is hereby empowered to, commence and maintain an action for said sum in his own name, and shall be entitled to retain to his own use one-half of the amount received, besides costs, the balance to be paid into the State Treasury to the credit of the School Fund. But nothing herein contained shall be construed to prohibit any salaried clerk of a person or firm holding the license herein provided for from inviting or soliciting any fire insurance policy, but such act, upon the part of such clerk, shall be the act of his principal.

This Act shall take effect from and after May first, eighteen hundred and eighty-seven.

#### Capital of Foreign Companies.

##### SENATE BILL NO. 143.

AN ACT TO AMEND SECTION FOUR HUNDRED AND NINETEEN OF AN ACT ENTITLED "AN ACT TO ESTABLISH A CIVIL CODE," APPROVED MARCH TWENTY-FIRST, EIGHTEEN HUNDRED AND SEVENTY-TWO, RELATING TO INSURANCE CORPORATIONS.

*The People of the State of California, represented in Senate and Assembly, do enact as follows:*

SECTION 1. Section four hundred and nineteen of the Civil Code is hereby amended so as to read as follows:

Section 419. Every company, corporation or association hereafter formed or organized under the laws of this State for the transaction of busi-

ness in fire, marine, inland navigation or life insurance, must have a subscribed capital stock equal to at least two hundred thousand dollars, twenty-five per cent. of which must be paid in previous to the issuance of any policy, and the residue within twelve months from the day of filing the certificate of incorporation. No person, corporation or association, organized or formed under the laws of any other State of the United States, as a stock company, shall transact any such insurance in this State, unless such person, corporation or association has a paid-up capital stock equal to at least two hundred thousand dollars in available cash assets, over and above all liabilities, for losses reported, expenses, taxes, and reinsurance of all outstanding risks, as provided in section six hundred and two of the Political Code of this State. No person, corporation or association, organized or formed under the laws of any country foreign to the United States, as a stock fire insurance company, shall transact any such insurance business in this State, unless such person, corporation or association has a paid-up capital stock equal to at least five hundred thousand dollars in available cash assets, over and above all liabilities for losses reported, expenses, taxes, and reinsurance of all outstanding risks, as provided in said section six hundred and two of the Political Code. Nor shall any person, corporation or association, formed or organized under the laws of any such country foreign to the United States, for the transaction of fire insurance, be allowed to transact any business in this State, unless, nor until, it has deposited or invested in the United States available assets to the amount of at least two hundred thousand dollars. Nor shall any such insurance company seek to transact such business until it shall furnish to the Insurance Commissioner a detailed statement, under oath, of the items making up the amounts of its deposits and investments in the United States; such statement shall be a condition precedent to the issuance of a certificate of authority by said Commission to transact business in this State and shall be thereafter made annually in the month of January; and such deposit and investment, and the continuance and the maintenance of the same, shall be a condition concurrent to the privilege of such person, corporation or association to transact such insurance business in this State. The Insurance Commissioner shall have authority to make such examination, in respect to such deposits or investments, as he shall deem proper, either in person or by deputy, and to reject therefrom, or reduce all items that he shall ascertain to be quoted at fictitious or exaggerated values, and all unmarketable securities. All such statements shall be made upon blank forms, to be furnished by the Insurance Commissioner, and shall state the value, the costs, the amounts, and description of each deposit or investment, with their location, and the name and residence of the

Trustees by whom the same are held and controlled. Nor shall any person, corporation or association, organized or formed under the laws of any other State or country, as a mutual insurance company, transact any such insurance business in this State, unless such person, corporation, or association possess available cash assets equal to at least two hundred thousand dollars, deposited in the United States, as herein provided, over and above all liabilities for losses reported, expenses, taxes, and reinsurance of all outstanding risks, as provided in said section six hundred and two of the Political Code of this State.

SEC. 2. This act shall take effect on and after its passage.

#### Voting by Stockholders.

##### ASSEMBLY BILL NO. 191.

AN ACT TO AMEND SECTION THREE HUNDRED AND SEVEN OF AN ACT ENTITLED "AN ACT TO ESTABLISH A CIVIL CODE," APPROVED MARCH TWENTY-FIRST, EIGHTEEN HUNDRED AND SEVENTY-TWO, RELATING TO CORPORATION ELECTIONS.

*The People of the State of California, represented in Senate and Assembly, do enact as follows:*

SECTION 1. Section three hundred and seven of the Civil Code is hereby amended to read as follows:

307. All elections must be by ballot, and every stockholder shall have the right to vote in person, or by proxy, the number of shares standing in his name, as provided in section three hundred and twelve of this Code, for as many persons as there are Directors to be elected, or to cumulate said shares, and give one candidate as many votes as the number of Directors multiplied by the number of his shares of stock shall equal, or to distribute them, on the same principle, among as many candidates as he shall think fit. No person having stock standing in his name, as Trustee, without the name of the trust appearing in the certificate of stock, shall be deemed to be the owner or holder of such stock, so as to be entitled to vote the same at any election, unless he shall produce and exhibit the certificates of such shares of stock at such election. In corporations having no capital stock, each member of the corporation may cast as many votes for one Director as there are Directors to be elected, or may distribute the same among any or all of the candidates. In either case, the Directors receiving the highest number of votes shall be declared elected.

#### Assessment Insurance.

##### SENATE BILL NO. 64.

AN ACT RELATING TO LIFE AND CASUALTY INSURANCE ON THE ASSESSMENT PLAN, AND THE CONDUCT OF THE BUSINESS OF SUCH INSURANCE.

*The People of the State of California, represented in Senate and Assembly, do enact as follows:*

SECTION 1. Every contract whereby a benefit is to accrue to a party or parties named therein,

upon the death or physical disability of a person, which benefit is in any degree or manner conditioned upon the collection of an assessment upon persons holding similar contracts, shall be deemed a contract of insurance on the assessment plan, and the business involving the issuance of such contracts shall be carried on in this State only by duly organized corporations, which shall be subject to the provisions and requirements of this Act; but nothing herein contained shall be construed as applicable to organizations which conduct their business as fraternal societies, on the lodge system, or to organizations which do not employ paid agents in soliciting business, or limit their certificate holders to a particular order or fraternity, or to the employees of a designated firm, business house, or corporation.

SEC. 2. Five or more persons, citizens of this State, may form a corporation to carry on the business of life or casualty insurance, or both, on the assessment plan; and such corporation shall be formed according to the provisions of chapter one, of title one, of part four of division one, of the Civil Code of this State; but no such corporation shall begin to do business until at least two hundred persons have subscribed in writing to be insured therein, and have each paid in one full mortuary or casualty assessment, or both, as the case may be, according to the business to be conducted, to be held in trust for the benefit of the beneficiaries, nor until the Insurance Commissioner has certified that such corporation has complied with the provisions of this Act, and with all the provisions of the laws of this State requiring persons or corporations who do insurance business in this State to perform conditions precedent to the issuance of such certificate and is authorized to transact business. No articles of incorporation, or certificate of incorporation, or corporation under the provisions of this Act, shall continue valid, or have legal existence, after one year from the date of such articles, unless the organization has been completed and business begun thereunder within that time, in accordance with the provisions of this Act.

SEC. 3. Any corporation existing under the laws of this State, and now engaged in transacting the business of life or casualty insurance, or both, on the assessment plan, may reincorporate under the provisions of this Act, in the manner and form set forth in section two hundred and eighty-seven of the Civil Code of this State; *provided*, that nothing in this Act contained shall be construed as requiring or making it obligatory upon any such corporation to reincorporate, and any such corporation may continue to exercise all rights, powers, and privileges conferred by this Act, or its articles of incorporation, not inconsistent with this Act and its provisions, the same as if reincorporated hereunder.

SEC. 4. When the Insurance Commissioner, on investigation, is satisfied that any corporation doing business in this State, under this Act, has ex-

ceeded its powers, or failed to comply with any provision of law, or is conducting business fraudulently, he shall forthwith report the facts to the Attorney-General, who shall, thereupon, give to the Insurance Commissioner his written opinion upon such report, and if it appears thereby that the Attorney-General is of opinion there has been any violation in the premises of this Act, or of any provision of law, then the Insurance Commissioner may suspend the power to do business in this State of such corporation, until such corporation has complied with the provisions of this Act, and with the laws of this State applicable to it, or until the Court in which suit may be brought for that purpose shall revoke said suspension, or determine that there has been no such violation; *provided*, such suit be brought within ten days after such suspension. Pending such action, the Court may continue such order of suspension of the Insurance Commissioner, or revoke the same on such terms as it may deem proper, and may make such other order or decrees as the interests of the corporation and the public may require.

SEC. 5. Every policy or certificate hereafter issued by any corporation doing business under this Act, and promising a payment to be made upon a contingency of death, or sickness, or accident, shall specify the sum of money which it promises to pay upon each contingency insured against, and the number of days after satisfactory proof of the happening of such contingency at which such payment will be made; and upon the occurrence of such contingency, unless the contract shall have been invalidated by fraud or by breach of its conditions, the corporation shall be obligated to the beneficiary for such payment at the time and to the amount specified in the policy or certificate; and this indebtedness shall be a lien upon all the property, effects, and bills receivable of the corporation, with priority over all indebtedness thereafter incurred, except as hereinafter provided in case of the distribution of assets of an insolvent corporation. If the Insurance Commissioner shall be satisfied, on investigation, that any such corporation has refused or failed to make such payment for thirty days after it became due, and after proper demand, he shall notify the corporation to issue no new policies or certificates until such indebtedness is fully paid; and no officer or agent of the corporation shall make, sign, or issue any policy or certificate of insurance while such notice is in force.

SEC. 6. Whenever the Insurance Commissioner shall have given the notice required by the last section, he shall proceed without delay to investigate the condition of the corporation, and shall have full power, in person or by deputy, to examine its books, papers, and accounts, and to examine under oath its officers, agents, clerks, employees, certificate, or policyholders, or any other persons having knowledge of its business; and if it shall appear to him that its liabilities exceed its resources, and that it cannot within a reasonable

Statement of the Conditions and Affairs  
OF THE  
**STATE INVESTMENT**  
—AND—  
**INSURANCE COMPANY**

*Of San Francisco, Cal., on the Thirty-first Day of December, A. D. 1886.*

Amount of Capital Stock, paid up in Cash.....\$400,000 00

**ASSETS.**

Real Estate owned by Company.....	\$ 150,859 13
Loans or Bond and Mortgage.....	102,805 00
Cash Market value of all Stocks and bonds owned by Company.....	130,500 00
Amount of Loans secured by pledge of Bonds, Stocks and other marketable securities as collateral.....	16,000 00
Cash in Company's Office.....	5,639 13
Cash in Banks.....	39,484 35
Interest due and accrued on all Stocks and Loans.....	757 48
Interest due and Accrued on Bonds and Mortgages.....	1,255 15
Premiums in due course of Collection.....	78,924 77
Rents due and accrued.....	148 00
Salvage due on losses already paid.....	996 00
Promissory Notes.....	4,292 75
<b>TOTAL ASSETS.....</b>	<b>\$ 531,559 76</b>

**LIABILITIES.**

Losses in process of adjustment or in suspense.....	\$ 11,267 97
Gross Premiums on Fire Risks running 1 year or less, \$181,547 88; re-insurance 50 more than 1 year, \$46,336 98; " pro rata.....	90,773 94
Cash Dividends remaining Unpaid.....	24,409 98
Commissions and Brokerage Due and to become Due.....	310 00
<b>TOTAL LIABILITIES.....</b>	<b>\$ 129,116 89</b>

**INCOME.**

Net Cash actually received for Fire Premiums.....	\$ 236,274 52
Received for Interest on Bonds and Mortgages.....	6,295 20
Received for Interest and Dividends on Bonds, Stocks, loans and from all other sources.....	4,659 19
Received for Rents.....	10,854 00
For Increased Capital.....	200,000 00
<b>TOTAL INCOME.....</b>	<b>\$ 447,972 91</b>

**EXPENDITURES.**

Net amount paid for Fire Losses (including 87,937 35, losses of previous year)...	145,746 61
Dividends to Stockholders.....	68,489 34
Paid or allowed for Commission or Brokerage.....	26,313 43
Paid for Salaries, fees and other charges, for officers, clerks, &c.....	27,617 15
Paid for State, National and local taxes.....	2,896 41
All other payments and expenditures.....	24,198 37
<b>TOTAL EXPENDITURES.....</b>	<b>\$ 295,261 31</b>

**Losses incurred during the year ..... \$149,076 73**

A. J. BRYANT, .....	President.
RICHARD IVERS, .....	Vice-President.
CHAS. H. CUSHING, .....	Secretary.
ED. C. MORRISON, .....	Special Agent and Adjuster.

OFFICE, 218 & 220 SANSOME ST., SAN FRANCISCO.



time, not more than three months from the date of the original default, pay its accrued indebtedness in full, he shall suspend the power of such corporation to do business in this State, and shall forthwith apply to the Superior Court of the county or city and county wherein such corporation has its principal place of business for an order closing the business of the corporation, and appointing a receiver or trustee for the distribution of its assets among its creditors; *provided*, that no such final order shall be made until the corporation shall have had ten days' notice of the application, within which time it may appear and show cause against the application, if any it has; *and provided*, that upon hearing the matter, the Court shall have power to make any order which the interests of the corporation and the public may require.

SEC. 7. Corporations organized and doing business under this Act shall provide in their contracts with policy or certificate holders, for the accumulation of an emergency fund, which shall be at all times not less than the proceeds of one death assessment on all policy or certificate holders thereof: said fund shall be accumulated by existing corporations, already formed for like purposes, within six months from the passage of this Act, and by all corporations formed under this Act within six months from the date of their articles of incorporation, and, together with the income thereon, shall be a trust for the payment of death or disability claims, and shall be invested in securities in which insurance companies are allowed by law to invest their capital; the securities shall be deposited, through the Insurance Commissioner, in trust with the State Treasurer, but the corporation shall have at all times the right to exchange any part of said securities for others of a like amount or character; any portion of said securities may be drawn by a requisition, signed by two-thirds of the Directors of the corporation, and indorsed by the Insurance Commissioner, setting forth that the same is to be used for the purposes of said trust. When any such corporation shall discontinue business, the Superior Court of the county or city and county wherein its principal place of business is situated may appoint a Receiver, or Agent, or Trustee to administer any unexhausted portion of said fund, which shall be used, less such compensation not to exceed five per cent., as said Court may allow such Receiver, Agent, or Trustee, first, to the payment of accrued claims upon policies or certificates, or if insufficient to pay such claims in full they shall be paid pro rata; second, if a balance remain, to the payment of life claims thereafter accruing, in the order of their occurrence.

SEC. 8. Any corporation organized under the laws of another State or Government to issue policies or certificates or life or casualty insurance on the assessment plan shall, as a condition precedent to transacting business in this State, deposit with the Insurance Commissioner a certified copy of its

charter or articles of incorporation and authority to do such business; and also a statement under oath of its President and Secretary, in the form by the Insurance Commissioner required, of its business for the preceding year; and also a certificate, under oath of its President and Secretary, that it is paying, and for the twelve months then next preceding, has paid the maximum amount named in its policies or certificates in full; and also a certificate from the proper authority in its home State or Government that corporations of this State, engaged according to the provisions of this Act in life and casualty insurance on the assessment plan, are legally entitled to do business in such State or Government; and also a copy of its policy or certificate and application, which must show that benefits are provided for by assessment upon policy or certificate holders; and also evidence satisfactory to the Insurance Commissioner that the corporation accumulates a fund, equal in amount to that required by section seven of this Act, that such accumulation is permitted by the law of its incorporation, and is a trust for the benefit of policy or certificate holders only, and is securely invested. The Insurance Commissioner shall thereupon issue or renew the authority of such corporation to do business in this State, and such authority shall be revoked whenever the Insurance Commissioner on investigation is satisfied that such corporation is not paying the maximum amount named in its policies or certificates in full, or that any false or fraudulent statement has been made or certificate given under the provisions of this section. Upon such revocation the Commissioner shall cause notice thereof to be published in some newspaper published in the City and County of San Francisco, and no new business shall thereafter be done by it or its agents in this State. When any other State or country shall impose any obligation upon any like corporation of this State, the like obligation shall be imposed on similar corporations and their agents of such State or country, doing business in this State.

SEC. 9. No corporation doing business under this Act shall issue a certificate of policy upon the life of any person under fifteen or more than sixty years of age, nor upon any life in which the beneficiary named has no interest, and every call for payments from the policy or certificate holders shall distinctly state the purpose of the same, and whether any part thereof shall or may be used for expenses, and if so how much. Any assignment of a policy or certificate issued by any corporation doing business under this Act to a person having no interest in the insured life shall render such policy or certificate void.

SEC. 10. The money or other benefit, charity, relief, or aid to be paid, provided, or rendered by any corporation authorized to do business under this Act shall not be liable to attachment by any process whatever, and shall not be seized, taken, appropriated, or applied by any legal or equitable process, nor by operation of law, to pay any debt

or liability of a policy or certificate holder, or any beneficiary named in a policy or certificate.

SEC. 11. Any solicitors, agent, or examining physician who shall knowingly or willfully make any false or fraudulent statement or representation in or with reference to any application for insurance, or for the purpose of obtaining any money or benefit in any corporation transacting business under this Act, shall be guilty of a misdemeanor, and upon conviction shall be punished by a fine of not less than one hundred or more than five hundred dollars, or by imprisonment in the county jail for not less than thirty days or more than one year, or by both, at the discretion of the Court.

SEC. 12. Every corporation doing business under this Act shall annually return to the Insurance Commissioner, at such times and in such manner and form as is prescribed, or may be prescribed, by the laws of this State relating to persons or corporations doing the business of insurance in this State, a statement of its condition and affairs for the year ending on the preceding thirty-first day of December, which statement must be filed with said Commissioner and published as provided by law shall be done in case of life insurance companies, and the said Commissioner, in person or by deputy, shall have the power of visitation of and examination into the affairs of any such corporation at any time in his discretion.

SEC. 13. The fees for filing statements, certificates, or other documents required by this Act, or for any service or act of the Insurance Commissioner, and the penalties for any violation of this Act, shall, except as otherwise provided herein, be the same as provided in the laws of this State relating to life insurance companies, and shall be disposed of as provided by such laws.

SEC. 14. And for all lawful expenses incurred under this Act, or by reason of any of its provisions, in the prosecution of any suit or proceeding or otherwise, for the enforcement of the provisions of this Act, the Insurance Commissioner must present bills duly certified by him and accompanied with vouchers, to the State Board of Examiners, who must allow the same and direct payment thereof to be made. And the State Controller shall draw warrants therefor on the State Treasurer for the payment of the same to the Insurance Commissioner, in addition to the ordinary contingent expenses, which warrants shall be payable out of the General Fund.

SEC. 15. All Acts and parts of Acts in conflict with this Act are hereby repealed.

#### Investment of Assets. SENATE BILL NO. 94.

AN ACT RELATING TO INSURANCE, TO AMEND AN ACT ENTITLED "AN ACT TO ESTABLISH A CIVIL CODE," APPROVED MARCH TWENTY-FIRST, EIGHTEEN HUNDRED AND SEVENTY-TWO, AS AMENDED BY AN ACT ENTITLED "AN ACT TO AMEND THE

CIVIL CODE, RELATIVE TO INSURANCE," APPROVED APRIL FIRST, EIGHTEEN HUNDRED AND SEVENTY-EIGHT, AND TO ADD A NEW SECTION THERETO, TO BE KNOWN AS SECTION FOUR HUNDRED AND THIRTY-TWO.

*The People of the State of California, represented in Senate and Assembly, do enact as follows:*

SECTION 1. Section four hundred and twenty-seven (427) of the Civil Code is amended so as to read as follows:

427. Corporations organized under the laws of this State, for the transaction of business in any kind of insurance, may invest their capital and accumulations in the following named securities:

1. In the purchase of or loans upon interest-bearing bonds of the United States Government.

2. In the purchase of or loans upon interest-bearing bonds of any of the States of the United States not in default for interest on such bonds.

3. In the purchase of or loans upon interest-bearing bonds of any of the counties and incorporated cities and towns of the State of California, not in default for interest on such bonds.

4. In loans upon unincumbered real property, or upon merchandise in warehouse, worth at least one hundred per cent. more than the amount loaned.

5. Corporations engaged in the business of insuring titles to real estate may, after the investment of one hundred thousand dollars in the manner provided for in subdivisions one, two, three, and four of this section, invest an amount not exceeding fifty per cent. of their subscribed capital stock in the preparation or purchase of the materials or plant necessary to enable them to engage in such business, and such materials or plant shall be deemed an asset valued at the actual cost thereof, in all statements and proceedings required by law for the ascertainment and determination of the condition of such corporations. But no investment in the securities named in subdivisions one, two, and three of this section must be made in amount exceeding the par value of such securities, nor exceeding their market value.

#### Proposed Insurance Legislation.

The California Legislature is in bi-ennial session, and underwriters are therefore regaled and annoyed by the usual number of absurd or cinching bills. These are: an anti-compact bill, a bill to promote litigation by taxing the defendant company with the costs, a bill providing for the organization of wild-cat mutuals, a bill imposing a license tax of \$200 on all brokers, solicitors or agents, and a bill requiring foreign companies to have \$500,000 unimpaired capital. All these bills are bad in varying degrees. If

we admit that the motives of the authors are good—as of course we must—we may properly lament that strange fatuity of the human intellect, of the masculine human intellect at least, which develops and maintains the conviction that because one knows a little he knows it all. The tailor learnedly discusses finance, the banker criticises the carpenter, the corner grocer is a statesman, the blacksmith finds flaws in the artists' work, and every mother's son of them—lawyers, bankers, doctors, merchants and mechanics—knows more about underwriting and proper insurance legislation than the underwriters themselves. This is a roundabout and delicate way of saying that men are egotistical asses. But let us be charitable. Everybody can't be an underwriter nor the editor of an underwriting journal. Providence has distributed brains with a very sparing hand.

Senate Bill No. 59 and Assembly Bill No. 203, anti-compact bills, are the same. They originated with, and are actively supported by, owners of rookeries and other bad risks whose rates have been raised in the general readjustment. The thousands whose rates have been lowered accept the reduction as a matter of course, and say nothing. The other fellows—the rookery men—turned out in force because they have a pecuniary interest, or think they have, in the abolition of the compact. They prevailed upon the committee to recommend the bill, and the fight is therefore transferred to the Senate and Assembly. It is doubtful if the bill, if it becomes a law, will affect the compact as now organized; for the phraseology is, "any such foreign corporation shall refrain from entering into any compact." Those who have already entered cannot be prevented from remaining in and maintaining the compact. The bill, however, is fatally hurtful to underwriting interests, and to business interests as well. If underwriters cannot organize to establish and maintain adequate rates based on their united experience, there is an end to profit and reliable indemnity. If the bill becomes a law, and is not effectually resisted by the companies, similar anti-compact laws will be enacted in numerous States where the

maintenance of a compact is far more essential to successful underwriting than it is in this field. We believe that a proper presentation of the facts as to the compact will persuade the Legislature to reject the bill, or Governor Bartlett to veto the law. If not, if it proves useless to appeal to common sense and the principles of fair play, the very radical corrective of general withdrawal should be resorted to. The really influential elements of society, now possibly indifferent, will then demand and secure the immediate repeal of the anti-compact law, even if an extra session be necessary.

Senate Bill No. 82 relates to title insurance, in which our readers have no particular concern. Title insurance companies are required to set aside twenty-five per cent. of their premiums until a fund equal to ten per cent. of the capital is accumulated. This surplus fund is to be maintained.

Assembly Bill No. 163 requires unsuccessful defendant companies to pay plaintiffs' attorney's fees. The effect of such a law would be the promotion of litigation. Unjust claims will be prosecuted by attorneys who will chance a favorable verdict from a prejudiced jury. If the jury finds that the value of the property destroyed was greater than the sum fixed by the answer of defendant company, then the latter must pay, as attorney's fees, 20 per cent. upon the amount recovered on all sums up to \$3,000, 10 per cent. upon amounts running from \$3,000 to \$10,000, and 5 per cent. upon all amounts over \$10,000. What attorney would not prosecute the claims of dishonest and incendiary claimants for so fat a contingent fee? His success is determined, not by the facts in evidence, but by juries always ready to return a verdict against any company. The opinion prevails that insurance companies freely resist just claims. Where there is satisfactory evidence of dishonesty or arson, claims are compromised or get into the courts; and such instances obtain wide circulation, to the prejudice of the companies. This demagogic bill appeals to such prejudice. Statistics do not support any popular belief that the insurance companies are litigious. The fire and marine companies

reporting to the New York Insurance Department, representing 90 per cent. of all the business done in the United States, resisted less than one and a half per cent. of \$267,000,000 claims from 1880 to 1885 inclusive. The figures are official and sworn to. One and a half is a very small percentage of resisted claims. The proportion is creditable alike to the state of public morals and to the fairness and liberality of the companies. The opportunities to defraud the companies by arson or deception are very great. The enactment of this proposed law would extend those fraudulent opportunities, and greatly embarrass the companies with expensive and unjust litigation.

Assembly Bill No. 142 proposes to permit the organization of mutual fire insurance companies without a dollar of assets, but which must reserve ten per cent. of its premiums, such reserve to be not less than \$5,000. The remainder of the premiums are represented by the notes of Tom, Dick and Harry. Not a word of reasonable argument can be advanced in support of the bill. If the authors are not adventurers themselves, they could not present a measure better designed to serve the schemes of adventurers. The bill opens the way for the organization of mutual companies by the irresponsible and the ignorant, without restraint, without capital, without character. There would be no security for the policyholders, and no assurance of indemnity. California needs no mutual fire insurance companies; and her experience with the California Farmers' Mutual Insurance Co. ought to secure the immediate rejection of the bill, without argument. The unlucky experience of the farmers with that mutual swindle will be repeated if the bill becomes a law. Inexperienced and dishonest men will quickly run such mutuals down the grade of failure. High commissions will be paid and bad risks will be freely written, as was the case with the California Farmers' Mutual. The members will likewise be pursued by numerous assessments and lawsuits. Any argument which may be drawn from the success or partial success of the mill mutuals in New England is illogical.

The conditions are widely different. The factories are special risks, are inspected frequently, are usually unexposed, and are provided with expensive automatic and other fire-extinguishing apparatus. The ordinary mutual, such as is contemplated by this bill, is a different animal, and an unfragrant one at that. Such mutuals have been tried in the crowded East, where there may be some excuse for the experiment; but there they have been found so sadly wanting that strict laws have been passed in the three or four States where the mutuals are tolerated. They are now forced to pay claims or surrender their certificates of authority, and the result has been a rapid thinning out, and the probable failure of all. It would be a very foolish thing, and almost a criminal thing, for the California Legislature to ignore the untoward experience of the older States, and pass a law permitting the organization of wildcat mutuals. Such a law would be a travesty on legislation so long as a rigid security, cash assets and a reserve are required of the stock companies. To protect the policyholders in one class of companies, and to withhold such protection from the defenceless policyholders in another class, would be a mockery and an impeachment of the common sense of the Legislature.

Senate Bill No. 141 exacts an annual license fee of \$200 from every fire insurance agent, broker or solicitor, to be paid to the Insurance Commissioner and apportioned to the school funds. The design is to limit the number of local agents and brokers. There are too many brokers, too many local agents, but this bill exacts an unreasonable sum, and the effect of its passage would be a considerable reduction in the volume of business without equivalent benefits to the companies. Few could pay the license fee, and those few would speedily grow fat and lazy. Business would be accepted but not created, as is the case under a system of reasonable competition.

Senate Bill No. 143 requires \$500,000 cash capital of all foreign fire companies, and a deposit or investment of \$200,000 in the United States. The measure is not a

reasonable one, and does not merit any favorable consideration by the Legislature. As the law now stands the Insurance Commissioner is empowered to satisfy himself of the solvency of foreign and other-State companies, and there is therefore no occasion for a discrimination as to capital nor for a law requiring deposits or investments. If the company is insolvent the Commissioner will withhold his certificate; if its solvency is doubtful he can make the necessary investigation. This bill would drive away companies with assets in the millions. It will be ample time for the Legislature to seriously consider the bill when evidence is presented that foreign fire offices have ever failed to pay a legitimate claim on this Coast.

Senate Bill No. 57 merely changes the phraseology of Sections 419 and 420 of the Civil Code. It should be passed.

Senate Bills Nos. 60 and 61 provide for the payments of deficiencies in the appropriations for the Insurance Department. Both should be promptly passed.

Senate Bill No. 63 repeals the new assessment life insurance law whereby all assessment schemes are suffered to operate unchecked. The law should be repealed.

Senate Bill No. 64, drawn up by Commissioner Wadsworth, is substantially the same as the new assessment law of Massachusetts. No honestly conducted assessment company, none that has paid or can pay its claims in full, will interpose any objection to the law. If there is any opposition it will be offered by the wildcats, by those associations which can not or will not discharge the obligations they incur. Every association which is run by adventurers, every swindle like the mutual self-endowment associations, or the Great Western of Denver, every association which pays only a part of its claims, will fight Mr. Wadsworth's bill. The reputable assessment companies (if there are any) and the fraternal insurance societies should sustain the bill and send accredited representatives to Sacramento to work for its passage. It is simply shameful that the law, which is so careful of the interests of policyholders in the old-line companies, should wholly

ignore the interests of the members of the assessment companies. There is ample security and official information for the one class and no security and no official information for the other. The regular life offices may well be indifferent to the fate of the bill, because, by reducing the number of assessment associations, the bill increases their chances of paying claims. And if they pay their claims the COAST REVIEW must make its thunder from the record in those States which are without such excellent laws.

Assembly Bill No. 191 relates to corporation elections, and should become a law.

Senate Bill No. 96 amends Section 602 of the Political Code so as to except title insurance as well as life insurance from its provisions. The bill should be passed.

Senate Bill No. 58 is an Act to amend Sections 601, 607, 610, 611, 612, 617, 629, 630 of the Political Code. The Commissioner is invested with power to suspend the authority to do business of any company which fails to comply with the law. Every company must have at least ten members or stockholders. Only the names of the United States managers of foreign companies are required. Statements of foreign companies need be made only by the United States manager. Foreign companies having \$200,000 assets above liabilities, deposited in the United States, may make a statement of the United States branch only. The salary of the Deputy Commissioner is made \$1,800 annually, instead of \$1,600. These amendments all should be adopted.

Section 427 of the Civil Code is amended so as to give corporations greater latitude in the investment of their assets. The amendment should be adopted.

Section 432, a new section, is added to the Civil Code, relating to title insurance. So much of the bill is the same as Senate Bill No. 82.

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For putting out an incipient oil fire, use a bucket of sand. It will be found effectual. Water is worse than useless. The blazing oil will float on the water and be carried with it in all directions.

Tabular Statement of the Pacific Coast Marine Insurance Business for the Year  
Ending December 31, 1886.

NAME OF COMPANY.	LOCATION.	SECRETARIES OR AGENTS.	AMOUNT WRITTEN.	PREMIUMS. ON SAME.	LOSSES PAID.	RATIO OF LOSSES TO PREMIUMS
<b>LOCAL COMPANIES.</b>						
Anglo-Nevada.....	San Francisco	W. J. Harrison.....	\$9,897,291	\$ 74,926 98	\$ 1,822 40	2.4
California.....	San Francisco	W. H. C. Fowler.....	3,006,512	87,184 38	45,239 67	51.9
Commercial.....	San Francisco	C. A. Laton.....	692,528	23,777 89	24,319 09	102.3
Firemans Fund.....	San Francisco	Wm. J. Dutton.....	4,991,160	116,236 01	63,723 26	54.8
Sun.....	San Francisco	Ed. E. Potter.....	1,977,911	62,210 47	45,753 55	73.5
Union.....	San Francisco	James D. Bailey.....	6,954,532	90,564 98	95,384 75	105.3
Total.....			\$27,519,934	\$454,900 71	\$276,242 72	60.7
<b>EASTERN AND FOREIGN COMPANIES.</b>						
Alliance & London.....	London.....	Parrott & Co.....	977,754	\$ 7,981 44	\$ 1,257 92	15.8
British and Foreign Marine.....	Liverpool.....	Balfour, Guthrie & Co	6,374,128	84,817 14	59,535 00	70.2
Boston Marine.....	Boston.....	Capt. J. N. Knowles..	243,673	11,531 15	2,316 24	20.1
Canton.....	Hong Kong.....	Parrott & Co.....	3,971,767	38,489 63	21,369 28	55.5
China Traders.....	Hong Kong.....	Williams, Dimond & Co	2,118,448	10,092 66		
Chinese.....	Hong Kong.....	Wm. T. Coleman & Co	2,287,111	21,882 02	1,432 01	6.5
Commercial Union.....	London.....	C. F. Mullins.....	4,710,865	50,585 01	9,028 69	17.8
Danube.....	Vienna.....	H. Balzar & Co.....	41,522	195 00		
Foncieres.....	Paris.....	Hutchinson & Mann..	2,206,803	23,474 04	876 88	3.8
Franco-Hungarian.....	Buda Pesth.....	Gutte & Frank.....	17,000	307 05		
Globe Marine.....	London.....	Wm. T. Coleman & Co	281,212	3,569 02		
Insurance Co. of North America.....	Philadelphia.....	W. J. Dutton.....	1,735,328	30,938 89	19,673 21	63.6
International Marine. London & Provincial Marine.....	Liverpool.....	Donaldson & Co.....	120,812	1,688 51	99 87	5.9
Magdeburg General.....	London.....	Hutchinson & Mann..	633,334	5,764 50		
Mannheim.....	Magdeburg.....	Gutte & Frank.....	2,489,175	30,508 30	9,061 45	29.1
Mannheim.....	Mannheim.....	Geo. Marcus & Co.....	1,117,143	2,973 72	3,872 00	130.2
Man On.....	Hong Kong.....	Tuck Chong & Co.....	2,034,308	14,165 27	1,156 20	8.2
Maritime.....	Liverpool.....	E. L. Woods.....	542,070	7,055 83	35 00	.5
Merchants Mutual.....	Baltimore.....	Gutte & Frank.....	2,119 306	2,119 70		
National Marine.....	London.....	Gutte & Frank.....	228,064	1,406 05	109 25	7.7
North China.....	Shanghai.....	Macondray & Co.....	10,889,960	51,243 54	11,259 16	21.9
New Zealand.....	Auckland.....	Hugh Craig.....	4,006,548	40,911 72	24,766 80	60.5
On Tai.....	Hong Kong.....	Lai Hing Lung & Co..	2,065,793	11,164 50	1,757 10	15.7
Providence-Washing- ton.....	Providence.....	W. J. Dutton.....	969,908	22,156 23	22,890 50	103.3
Reliance Marine.....	Liverpool.....	Henry Lund & Co.....	401,868	6,693 98	2,986 00	44.6
St. Paul.....	St. Paul.....	Hutchinson & Mann..	64,255	924 02	90 79	9.1
Sea.....	Liverpool.....	Meyer, Wilson & Co..	677,611	10,274 00	565 00	5.5
South British and Na- tional.....	New Zealand.....	W. J. Callingham & Co	1,109,972	43,976 68	52,177 12	118.6
Standard Marine.....	Liverpool.....	J. D. Spreckels & Bro.	1,101,286	11,232 43	3,153 08	28.0
Straits.....	Singapore.....	Geo. Marcus & Co.....	1,721,021	18,379 00	19,093 24	103.9
Swiss Mar'e Combined	Switzerland.....	H. W. Syz.....	3,337,161	56,006 82	21,391 53	38.2
Thames and Mersey..	Liverpool.....	W. G. Harrison.....	17,238,383	248,266 00	29,389 00	11.8
The Marine.....	Liverpool.....	G. W. McNear.....	3,577,174	72,122 68	31,474 60	43.6
Transatlantic Marine.	Berlin.....	Thaunhauser & Co..	6,345,471	47,400 89	11,061 85	23.3
Union F. & M.....	Christchurch.....	L. L. Bromwell.....	980,330	42,729 74	23,696 24	55.5
Union Ins. Society...	Hong Kong.....	Page Bros.....	3,139,849	28,631 75	12,423 06	43.4
Union Marine.....	Liverpool.....	E. L. Woods.....	662,070	7,205 83	50 00	.4
Universal Marine.....	London.....	W. B. Chapman.....	924,185	3,737 94		
Yangtze.....	Shanghai.....	Macondray & Co.....	1,949,043	17,776 40	2,060 49	11.6
Total.....			\$93,430,311	\$1,090,379 08	\$400,088 56	36.6
Grand Total 1886.			\$120,950,245	\$1,545,279 79	\$676,331 28	43.9
Grand Total 1885.			103,094,139	1,395,993 67	855,630 41	61.2
Grand Total 1884.			119,287,744	1,433,137 20	467,402 76	32.5
Grand Total 1883.			115,275,933	1,587,349 90	966,784 00	60.9

### California Life Business.

A table of the life business in California for the past five years is presented elsewhere. The totals show a gain of about \$200,000 in premium income, and a corresponding gain in new policies and new insurance written. These totals are as follows: Number of new policies, 2,523; amount, \$8,325,464; premiums, \$390,998; policies renewed, 17,251; amount renewed, \$37,778,674; premiums, \$1,433,862; policies in force, 16,926; amount, \$52,676,725; total premiums, \$1,824,360; losses and endowments paid, \$1,125,463.

The Equitable, Manhattan, Mutual Life, New England Life and New York Life made strong gains in new business, while the other companies made moderate gains or held their own. Two recent entrants, the Union Central of Cincinnati and the National of Vermont, did a fair business.

The results are encouraging. They indicate that the co-operative craze is waning, and that people are beginning to apply their every-day common sense in the purchase of life insurance. Many who have bought the co-operative article have found it inferior and a counterfeit, and they have told their neighbors so. The hat has circulated and returned with only a small sum for the widow several times too often. People generally haven't much sense outside of their own line of labor; but the pointed logic of facts will in time pierce the skull of the most thick-headed. The facts are against the co-operatives, and those facts are obtaining great publicity.

### Marine Underwriting on the Pacific Coast During 1886.

In comparing the figures filed with the Insurance Commissioner of this state, showing the transactions of our marine companies on the Pacific Coast during last year with those of the previous year, we are forcibly impressed with the increase of premium receipts and decrease of losses paid thereunder of the Eastern and foreign agencies represented here. In 1885 their aggregate receipts were \$1,024,506.66; losses paid, \$638,345.87, or 62.2

per cent. Last year's receipts were \$1,090,379.08; losses paid, \$400,088.56, or 36.6 per cent, showing a healthy improvement of \$65,872.42 in receipts and a decrease of \$238,257.31 in losses paid, or a total increase in their favor over 1885 business of \$304,129.73. Such a satisfactory showing is highly gratifying to those representatives of companies whose underwriting account shows ratio of losses paid to be under 50 per cent. of their premium receipts. Of course, it must be taken into consideration that the above losses are only those actually paid, and not those incurred under the receipts given.

Our six locals did not fare so well, for we find in 1885 they reported total receipts as \$371,487; losses paid, \$217,234.54, or 58.5 per cent.; and last year, receipts, \$451,900.71; losses paid, \$276,242.72, or 60.7 per cent, showing an increase of \$83,413.70 in receipts, but an increase of losses of \$58,958.18—or, in reality, only an increase of \$24,455.52 on last year's business over previous years. If we were to deduct the operations of that sturdy infant, the Anglo-Nevada, the locals would have made a poor showing; but the usual good fortune that always attends a healthy child has in this respect come to their relief.

In reviewing the operations of our marine underwriters during the past year, we cannot help urging upon them the necessity of following the footsteps of their fire confrères and joining together under the compact system. No time is more opportune than the present, and it will be only under such a unanimous action that our Pacific Coast marine business will be put on a legitimate and profitable basis. Export and import risks to and from Europe and our Coast of course cannot be governed, the business being entirely under the competition and control of European companies, whose agents here have to follow instructions given them thereon; but our coasting trade and exports to the Pacific Ocean lands—why not establish regular rates for such business, which would guarantee a profit to insurers?

In a certain measure this particular business is now governed by those of the least

experience, for brokers and merchants will quote to experienced underwriters the rates of those offered by a new beginner bidding for business. It is well known that our coasting marine business is in such a demoralized condition as to compel some of our locals of many years' experience to drop certain risks and trades that can only prove unprofitable at present rates, yet are eagerly sought after by others, who judge this business from a commission paying basis. To emphasize the importance of a compact system, we need only point to the many badly singed companies who wrote freely on hulls of our coasting vessels at competing rates and on any conditions. Their sad experience in a great measure was a profitable lesson to others; and, guided by the past, the few writing such risks joined together and have at last succeeded in placing such business upon a paying basis. Our lumber and coal risks from the Coast are now being written at such ridiculously low rates that few will entertain their acceptance; and we hear that there are some companies, which have been doing the greater portion of this business, have lately decided to drop it on account of an over sufficiency of losses thereunder.

We cannot extend any sympathy to these companies which have lately taken this business for the benefit of shippers, as it is a well-known fact that at rates almost double to that being paid now it was clearly proved that from an underwriting point of view there was no profit in this class of risks. With some experience of others is no guide, therefore we may expect that fresh capital will continue to be drained upon until the "powers that be" will get tired of paying under a succession of losses, and for their interest order a stop. In answer to our question "why their acceptance of such business at such rates," we have received the unreasonable reply "that such and such a company had offered the same rate," or "it had been taken through influence from so and so." The question of expected profits to be derived therefrom seems to be of a secondary importance, the controlling influence being to swell receipts at all hazards. No doubt such an imputation

will be denied by some, yet the plain and undeniable fact still remains that a certain class of marine risks are being accepted now at such rates that anyone can prove by present and past experience to be inadequate to the risk, and as a result unprofitable to the insurer.

We all can look back to past days and point out the many marine underwriters of this Coast who endeavored to boom premium receipts at the sacrifice of their reputation and their company's assets. We need not say that this ambition still exists among some at the present day; but, like the past, it is left for the future to develop whether they are wise or not.

In conclusion, we submit our usual figures, showing the comparative table of local and foreign (including Eastern) companies' transactions in their marine operations of our Coast, from 1877 to 1886, feeling sure that a careful study of these figures, if not stopping the present ruinous competition, will at least shed a beneficial light to careful navigators of other people's property.

YEAR.	No. of Cos.	AMOUNT WRITTEN.	PREMIUMS	RATE OF PREMIUM.	AVERAGE PREM. FOR EACH CO.
1877—Locals..	5	\$20,760,390	\$ 511,468	2.46	\$102,293
Foreign	22	60,908,997	1,057,679	1.73	48,076
1878—Locals..	5	16,508,605	415,139	2.52	83,028
Foreign	25	60,598,165	948,194	1.56	37,937
1879—Locals..	5	13,597,037	323,154	2.37	64,631
Foreign	27	61,717,884	986,724	1.59	36,545
1880—Locals..	5	14,410,041	288,526	2.02	57,705
Foreign	28	65,240,169	954,033	1.33	34,073
1881—Locals..	5	12,283,159	299,069	2.43	59,814
Foreign	34	90,975,667	1,379,714	1.51	40,579
1882—Locals..	6	19,639,172	452,539	2.34	75,439
Foreign	40	95,709,613	1,361,029	1.42	34,026
1883—Locals..	6	20,814,646	399,149	1.91	66,525
Foreign	38	94,461,287	1,188,205	1.25	31,268
1884—Locals..	5	21,711,745	366,936	1.69	73,387
Foreign	43	97,575,999	1,066,201	1.09	24,795
1885—Locals..	6	18,772,387	371,487	1.98	61,914
Foreign	43	84,321,752	1,024,506	1.21	23,825
1886—Locals..	6	27,519,934	454,900	1.65	75,816
Foreign	43	93,430,311	1,090,379	1.16	25,394
1877—Locals..	5	20,760,390	511,468	2.46	102,293
1886—Locals..	6	27,519,934	454,900	1.65	75,816
Increase..	..	6,759,544	.....	.....	.....
Decrease..	..	.....	56,568	0.81	26,477
1877—Foreign	22	60,908,997	1,057,679	1.73	48,076
1886—Foreign	43	93,430,311	1,090,379	1.16	25,394
Increase..	11	32,521,314	32,700	.....	.....
Decrease..	.....	.....	.....	.57	22,732

Atlanta (Ga.) underwriters endorse the compact system in a "Resolved."

# STATEMENT

*Of the Condition and Affairs*

OF THE

# SUN INSURANCE CO.

OF SAN FRANCISCO, CAL.

On the 31st Day of December, 1886.

Capital (paid up in cash) .....\$300,000 00

## ASSETS.

Real Estate.....	\$ 90,000 00	
United States and County Bonds.....	123,058 07	
Loans on Bonds and Mortgages.....	175,525 00	
Accrued Interest.....	2,364 20	
Uncollected Fire Premiums.....	42,400 19	
Uncollected Marine Premiums.....	11,336 20	
Re-Insurance, etc.....	6,439 26	
Cash in Office and in Bank.....	49,393 64	\$ 502,491 56

## LIABILITIES.

Losses Adjusted and Unpaid, in process of adjustment, or in Suspense.....	\$ 25,591 92	
Sundry Liabilities.....	10,198 52	\$ 35,790 44
<b>SURPLUS for Policy-Holders.....</b>		<b>\$ 466,701 12</b>
Increase of Surplus to Policy-Holders for the year.....		7,355 89

## INCOME.

Net Cash received for Premiums.....	\$ 244,130 54	
Interests and Rents.....	29,473 95	\$ 273,604 49

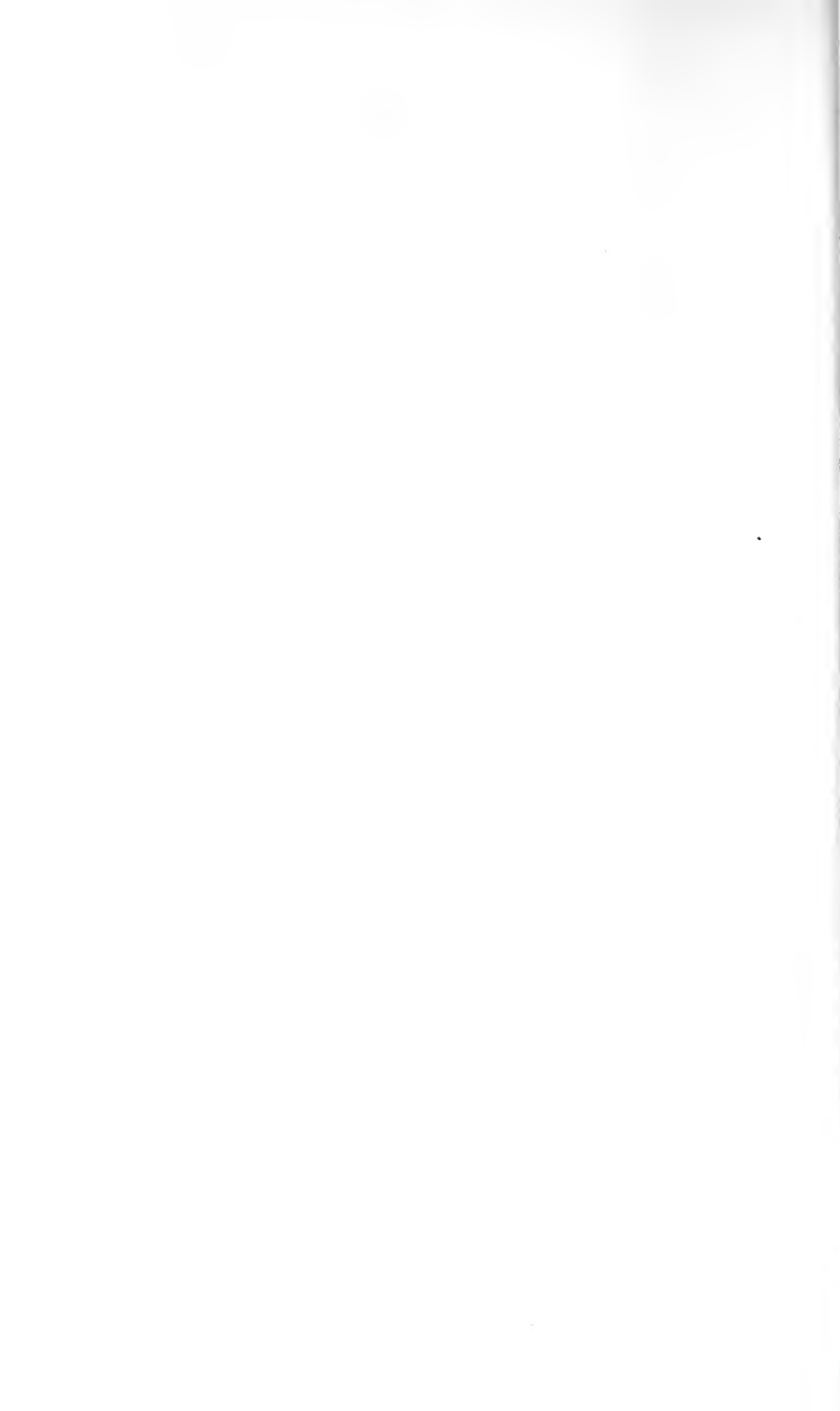
## EXPENDITURES.

Net Amount paid for Losses.....	\$ 136,578 63	
Net Amount paid for Commissions.....	39,426 16	
Salaries.....	27,457 02	
Other Office Expenses and Taxes.....	27,590 82	\$ 231 052 63
Excess of Income over Expenditures.....		\$ 42 551 86
Dividends Paid.....		7,500 00

PRINCIPAL OFFICE, 428 CALIFORNIA STREET.

C. L. TAYLOR, President.

ED. E. POTTER, Secretary.



## Assets of Fire Companies.

Following is a table of assets on January 1, 1886, and January 1, 1887, of companies (represented on this Coast) whose figures for 1886 have been made public at the present writing. Of the eighty-one companies, sixty-six made gains in assets.

	Jan. 1, 1887.	Jan. 1, 1886.
Ætna.....	\$9,568,940	\$9,260,097
Agricultural.....	1,886,911	1,831,798
Amazon (Cin.).....	580,805	555,796
American (Phila.).....	2,301,859	1,918,432
American (N. J.).....	1,843,315	1,761,159
American Central.....	1,258,001	1,172,793
Anglo-Nevada.....	2,263,446	.....
Boylston.....	915,321	931,891
California.....	1,068,878	1,010,714
Citizens (Cincinnati).....	301,953	265,430
Citizens (St. Louis).....	441,537	437,304
Clinton.....	458,011	460,009
Commercial (S. F.).....	446,611	456,840
Concordia.....	523,325	475,838
Connecticut.....	2,129,742	1,974,750
Continental.....	5,239,981	5,177,489
Farragut.....	434,099	429,253
Fire Association.....	4,445,376	3,250,564
Firemens (N. J.).....	1,650,896	1,554,856
Firemens (Md.).....	582,055	570,425
Firemans Fund.....	2,052,263	1,625,197
Franklin.....	3,177,106	3,130,256
German (Pittsburgh).....	465,650	449,814
German (Freeport).....	2,044,704	1,843,498
German-American.....	5,150,899	4,761,403
Germania.....	2,500,773	2,442,805
Girard.....	1,357,468	1,263,510
Glens Falls.....	1,555,509	1,492,283
Home Mutual.....	780,606	836,269
Hartford.....	5,055,946	4,745,342
Home (N. Y.).....	7,802,712	7,618,116
Howard.....	751,629	701,264
Ins. Co. of N. A.....	8,474,352	8,977,591
Ins. Co. of State of Penn.....	637,538	626,863
Merchants (N. J.).....	1,258,892	1,225,965
Merchants (N. Y.).....	450,133	449,791
Michigan.....	366,602	346,227
National, Hartford.....	1,958,506	1,853,728
New Hampshire.....	1,191,863	1,101,451
Niagara.....	2,260,480	1,080,950
Oakland Home.....	342,038	322,131
Oregon.....	344,461	311,573
Orient.....	1,604,486	1,551,954
Pacific.....	749,826	751,521
Phenix (N. Y.).....	5,383,172	4,910,483
Phoenix (Hartford).....	4,709,929	4,488,221
Providence-Washington.....	1,025,804	960,429
Security.....	508,848	451,273
Southern California.....	271,679	254,585
Springfield.....	3,044,915	2,803,436
St. Paul.....	1,448,026	1,261,829
State Investment.....	531,540	345,776

	Jan. 1, 1887.	Jan. 1, 1886.
Sun (S. F.).....	\$502,492	\$470,496
Sun Mutual (N. O.).....	943,347	962,821
Traders.....	1,368,271	1,228,345
Union (S. F.).....	1,161,362	1,125,964
Union (Phila.).....	782,074	784,057
Westchester.....	1,304,127	1,142,568
Williamsburg City.....	1,245,741	1,218,808

## UNITED STATES BRANCHES.

British America.....	808,770	802,444
City of London.....	746,186	691,517
Commercial Union.....	2,596,314	2,409,783
Fire Ins. Association.....	921,475	921,424
Guardian.....	1,367,479	1,335,075
Hamburg-Bremen.....	1,119,692	1,023,595
Imperial.....	1,620,506	1,589,991
Lancashire.....	1,498,187	1,513,228
Lion.....	803,283	764,435
Liv. & London & Globe.....	6,639,780	5,924,011
London.....	1,524,144	1,412,480
London & Lancashire.....	1,430,064	1,432,466
Northern.....	1,388,676	1,399,541
North British & Mercantile... ..	3,378,754	3,421,871
Norwich Union.....	1,245,466	1,157,614
Phoenix.....	1,887,175	1,744,741
Queen.....	1,976,093	1,841,536
Royal.....	3,830,132	4,712,899
Scottish Union.....	1,332,050	1,153,219
Sun Fire Office.....	1,666,681	1,712,361
Transatlantic.....	501,856	484,355
United Fire Reinsurance.....	1,060,165	792,522
Western.....	960,821	920,283

## San Diego and the Compact.

The San Diego papers are grumbling about the exactions of the compact, and they demand legislation and threaten the organization of a local company. The new local company will of course write risks at any rate that may be offered, and will thus be entirely satisfactory. No provisions will be made for the payment of losses should a general conflagration occur, because no such big fire has occurred, and it is absurd and unbusinesslike to calculate on so improbable an event. With the new company writing on all the risks in the city, the other companies must withdraw, and the enterprising San Diegans will no more be bothered with suggestions and remonstrances as to their deficient water supply and nominal fire apparatus. The alternative which the detested compact presents to San Diego is high rates or a good water supply. The town is substantially a frame one, and lies beneath a burning sun. The

rainfall is nominal. The entire town, or a large portion, might easily be swept away by a single fire, because there is no water to check a fire once well under way. Where such conditions are plainly evident to every casual visitor, there is no need to defend high premiums, and there should be no occasion to rebuke intelligent men for giving voice to the clamor of the ignorant. The San Diego editors should teach their readers that if they expect low rates they must erect better buildings, secure plenty of water and be prepared to fight a fire with effective appliances.

### Revising the Massachusetts Insurance Laws.

In obedience to a resolution of the Massachusetts Legislature, Commissioner Tarbox has prepared a revision and codification of the existing laws of the Commonwealth. From his report on the same, we make the following extracts:

The statute to regulate assessment life insurance is of so recent enactment and brief operation, and the bases and methods of the business are as yet so various and immature, that it seems advisable to await a fuller development of the plan and a clearer demonstration of its practical methods, before attempting to perfect the laws for its regulation as a permanent system. If life insurance, supported wholly or chiefly by the contributions of mutual insurers collectable only as losses become due, is to have a fair field for the trial of its merits, legislation can attempt no more, during the experimental stage, than to protect the public from wilful imposture and to minimize the loss attendant upon possible failure. The people must rely upon their intelligence and not upon the law for protection; for while the law may in a degree control the administration, it cannot assure the stability of a system which as yet depends upon conditions no legal foresight can compel.

#### INSURANCE DEFINED.

A definition of insurance is adopted from the Supreme Court, that it may clearly appear what transactions and what associations are within the jurisdiction of the statute. The need of such a definition and

of legislative declaration of what insurances are lawful, has been felt in the administration of the department in relation to associations and enterprises of anomalous or novel sort which denied the obligations or claimed the privileges, as applicable to them, of the insurance laws. Of these, the schemes to pay marriage endowments and to insure against business failures are illustrations.

#### MIXED INSURANCE.

It is proposed, in amendment of existing laws, that no company shall hereafter be formed to do both marine and fire insurance; that no mutual marine company shall organize with a permanent fund; that no mutual fire company shall organize with or acquire a guaranty capital, or shall insure on the stock plan, or classify its risks as the statute now authorizes.

These amendments, I believe, are recommended by correct principles confirmed by practical experience. There seems no legitimate relationship of methods, knowledge, skill or commercial law between fire and marine insurance which naturally unites them as one business enterprise. Each under existing commercial conditions, has its ample and independent field of operation, and the business organizations of each will more efficiently serve the public if they pursue their proper line of business.

An insurance company that divides its business into classes, independent of each other as respects reciprocal liability, whether the division be into a mutual class and a stock class, or by a classification based upon a difference in the relative hazard insured against (which can be equalized by a parallel difference in the charge for insurance), or in any mode, weakens itself and its ability for usefulness. Other mischiefs are apt to come. Such of our mutual companies as attempted to maintain separate stock and mutual departments, or to classify their risks in the manner the statute permits, have found the plan unprofitable and have abandoned it as inexpedient, at the cost of much vexation and some litigation in the settlement of disputes it gave rise to.

#### LIFE INSURANCE.

Section 68 of the bill prohibits the favoritism whereby one person is enabled to

obtain insurance on more advantageous terms and for less cost than another. This practice is indefensible and has no open defender, and is usually carried on under seals of confidence. It is resorted to for purposes of individual gain or competitive ambition, and to purchase or bribe social and political influence. That the abuse, though discountenanced by most of the companies, exists to an extent that warrants legislation to prevent it, I have abundant reason to believe.

CASH SURRENDER VALUE—CHANGE OF BENEFICIARY.

Two important and allied amendments to existing law, dependent upon the same reasons, affecting the rights of the insured in his life insurance, are contained in the bill.

*First.* The present statute permits a policyholder, after payment of two or more annual premiums, to surrender his policy and demand its value in cash, less a surrender charge, which is to indemnify the company for the loss it presumably suffers by his withdrawal. This right, however, exists only when he has no minor or dependent child, and is subject to the further condition that his wife, if he has one, and any beneficiary named in the policy, shall consent to the surrender.

The amendment removes the limitation to the exercise of the right, and allows the policyholder to abandon his insurance and withdraw in cash the value of his policy, less the surrender or indemnity charge, whenever he sees fit after the payment of five or more annual premiums, provided only the surrender must be made on the anniversary of the policy date.

*Second.* By the law, as now held, if a man insures his life for the benefit of a person other than his legal representatives, he thereby creates in favor of that person a trust in the proceeds of such insurance which he cannot revoke or alter, whatever changes may occur in the circumstances and relations of his life. His wife, in whose favor he makes his insurance, may prove unfaithful and the law dissolve the marital bond for her fault, and still the proceeds belong to her to the exclusion of worthy

objects of his duty or affection; or, if she die in his lifetime, her heirs, and not his, inherit. Or, if an infant child be named as the beneficiary and survives to adult age and independent circumstances, or is unworthy, the parent cannot change the application of the proceeds from the original nominee to those worthier or more needy of parental care and helpful provision.

The law, as amended, will provide that one who voluntarily, and for a consideration which proceeds solely from himself, insures his life, may at all times control and dispose of the estate he so creates for the benefit of whoever he may by deed or will appoint its beneficiaries.

All rights founded on valuable consideration are saved from injury by the exercise of the right to surrender the policy or of the power to alter the appropriation of the proceeds of the insurance. As, for instance, if the policy be pledged to secure a debt or other obligation, or if the insurance be effected in fulfillment of a contract to effect such insurance for the benefit of some particular person or object.

These propositions are recommended as consistent with the true character and largest usefulness of life insurance, and its adaptability to the wants of the people. Life insurance is in the nature of a family provision. One who is provident and solicitous enough to create it should be its trustee while he lives, with power to distribute its beneficence as his affection and judgment dictate. As its creation is voluntary, its maintenance should not be compulsory. Each individual must be left to judge his duty and the need in such a case, as he deals with that which is his own. One may to-day need life insurance, and later have no need of it, because of changed conditions in his life; or his immediate need, which the present value of his policy would relieve, may be greater than the posthumous need his insurance anticipates. Under such circumstances he should be able to terminate his insurance on just terms, paying the cost of the insurance he has had, and an indemnity charge for loss to the company by his withdrawal from its mem-

bership, and receiving back the residue of his deposit not used for these purposes. This, in mutual assurance, as the common right of each member, must be equal and just to each and all members, and is wholly compatible with the stability of the institution.

Whenever the insurance inures to the benefit of the policyholder or his legal representatives, it becomes subject to the claims of creditors, like other parts of his estate. The statute exemption operates only in favor of the specified beneficiaries of the policy other than the person effecting the insurance or his estate proper.

Whether and to what extent the right to surrender for a cash value should attach to endowment policies, and whether the surrender charge is well judged or not, are open questions I would not foreclose. As to these particulars I have left the law as I find it established by the act of 1880, re-enacted in sections 163 and 164 of chapter 119 of the Public Statutes. Speaking officially, and as one of that body of the public whose interests alone this legislation affects, the members of mutual life insurance companies, I should not as now instructed, advise a change in the surrender charge. An ordinary endowment policy is a provision for the lifetime of the insured, if he survives, and also a provision for the family, if he dies within its term. The reason for the right of surrender of a life policy, namely, that the insured may utilize the insurance for his life wants in case of need, or when the occasion to hold it for posthumous use no longer exists, does not seem to apply to the endowment—or not with equal force. By the conditions of the bill the right to surrender does not arise until after the payment of five full annual premiums on the policy. This limitation is thought consistent with the reason of the privilege.

#### RATE OF INTEREST—RESERVE VALUATION OF ASSETS.

Is the standard of legal solvency, as respects the income element, a safe one? The question is vital, and is to be answered by a prudent financial forecast. The standard is computed from the assumption that the assets will add an annual income of not less

than four per cent. to the reserve principal. Can we safely rest in confidence of the ability of our companies, with that class of property they are compelled by prudence to invest in, to realize that rate of interest upon their investments for a generation to come? If there is reasonable doubt the law should suitably provide for it, though it occasion inconvenience, for the comfort of individuals is of less esteem than the safety of institutions. Opinions on the subject differ with men skilful in financial matters and familiar with financial history. Some express no apprehension that the rate will fall below the standard as established. Others urge that the danger is probable, and that the standard of reserve on new policies be changed to a three or three and one-half basis. I have no qualification to advise in such a matter, and refer it to the judgment of the Legislature with a suggestion of its importance.

Section 11 of the proposed law lays down a rule of valuation for the assets of a life company, held for the purposes of its reserve. The rule regards the permanent investment value, rather than the temporary and changeable market value of assets, and largely discards speculative values as too uncertain to rest the foundations upon. It holds in view the standard of safety, and values the assets with careful reference to their ability to earn the annual income the standard asks for. While it probably rates the assets somewhat below their actual value, it thereby does no injury, since it takes from the company nothing it has, and protects the institution by a margin of safety, and avoids the danger of over-valuation.

The able and accomplished president of one of the oldest and best of the life insurance companies in the country says the rule coincides almost exactly with the practice of his company since its organization, and adds: "We have always considered that a trust institution which makes investments, not for to-day or for to-morrow, but for future years, should not in any way take into consideration the fluctuating market value of its securities, but should keep the valuation as low as possible." The

wisdom of this policy of management is best celebrated by the now and always admirable condition of the institution that has had the benefit of it.

By the adoption and enforcement of the rule, precaution will be made against the danger before referred to, of impairment of solvency by decline in market values, and also of a future fall below the standard of the income-producing rate, and dispose of all pretence of need of a surplus for those contingencies. The importance of the latter item is forcibly illustrated by the fact that under the present standard a reserve principal, composed entirely of United States 3 per cent. bonds, valued at par, would not satisfy the conditions of safety, because the usufruct would fall short. A life insurance asset that produces less than 4 per cent. cannot meet the obligation that it is pledged for.

#### Proposed Oregon Legislation.

H. B. No. 16. Of all foreign or non-resident corporations an annual license of \$750 is required, the deposit to be liable therefor.

H. B. No. 56. Fire insurance companies shall pay the face of the policy if the property destroyed be worth it, and the full amount of the loss if the property be partially destroyed, if the property is insured in the amount of the loss. This innocent-looking bill was so amended in the committee as to become a valued policy bill.

H. B. No. 37. An annual license fee of five dollars is exacted from all non-resident corporations, and suits in the Federal courts are forbidden.

H. B. No. 54. All fire insurance companies are taxed \$300 annually, the proceeds thereof to be apportioned to the volunteer fire companies.

H. B. No. 123. Oregon fire and marine companies must have at least \$50,000 capital, and not more than \$1,000,000. Twenty-five thousand dollars must be paid up, and the remainder may consist of the bonds or notes of the stockholders. This applies to new companies, and not to the old wildcats like the State of Salem, or the Northwestern of Portland, until January 1, 1888.

All companies are limited to ten per cent. of the paid-up capital on any one risk. All non-resident companies must have \$200,000 paid-up capital exclusive of assets deposited in any other State or Territory. A deposit of \$50,000 Government bonds is required from such companies. The penalty is a fine not exceeding \$1,000 and imprisonment of from thirty days to six months, to be imposed upon any agent or officer violating any of the provisions of the law. The Secretary of the State is authorized to take junketing trips and charge the expenses to any company which he may see fit to examine. He is not instructed to make such examinations when there is reason to believe that they are required, but is authorized to do so without pretext. All companies are required to make annual statements on or before the 1st of January, and give figures which they themselves, as a rule, are not possessed of. Neither does it matter whether the company is one mile or twelve thousand miles from Salem. Taxes are levied to the amount of two and one-half per cent. of the gross premiums on all non-resident companies. All advertisements must give location of company and name of State or country under which it is organized. The paid-up capital and net surplus must be given, and foreign offices must give the net surplus in the United States. Oregon companies are exempted, and may lie as much as they please about their capital, assets and net surplus. The ugly claws of the State wildcat at Salem are visible in this clause, and in others, especially in that relating to cancellation, which permits the same by the payment of "the customary short rates, including the expense of taking the risk and the cost of suit in case suit has been commenced." A valued policy clause and a retaliatory clause are inserted, and the stamp act is repealed.

S. B. No. 1 prohibits the taking of suits into Federal courts. Companies designing to withdraw must publish a notice to that effect for six months in three weekly papers; but the deposit cannot be withdrawn so long as there is a dissatisfied policyholder.

S. B. No. 105 provides for the appoint-

ment of an Insurance Commissioner. Oregon companies must have \$200,000 paid-up capital, as well as all non-resident companies. Foreign companies must have \$200,000 assets and liabilities invested in the United States. Life companies are exempted. The annual license is \$100. Brokers are charged a quarterly license of fifteen dollars.

H. B. No. 174 is a valued policy bill.

S. B. No. 143 places the capital of Oregon companies at from \$100,000 to \$1,000,000, of which fifty per cent. must be paid up. False advertisements are punishable with a fine of \$1,000. The bill is of a general character.

H. B. No. 106 and S. B. No. 96 are the same. An Insurance Department and the office of Insurance Commissioner are created. The transference of suits to Federal courts is prohibited. All fire and life companies are required to pay one per cent. on all premiums in lieu of all other taxes. One hundred thousand dollars capital is required of all Oregon companies. Five per cent. of the paid-up capital is the limit of the risk to be written. The deposit law is repealed. Both bills are of a general character.

### The Hoyt Defalcation.

Fred. T. Hoyt has issued a circular in reply to the COAST REVIEW article of last month, in which his defalcations, covering several years, were first made public. Mr. Hoyt asks a suspension of judgment until he shall have had an opportunity to vindicate his character; and he declares that the COAST REVIEW article was "conceived in malice and inspired by personal enmity." Mr. Hoyt knows that there was neither malice nor personal enmity behind the article. He discussed the subject with the publisher before the exposé was printed, and was given ample opportunity to disprove any or all the statements as they subsequently appeared. There is nothing in the article itself which exhibits malice or personal enmity. It was printed for the good of the general public and the insurance companies. They were entitled to a knowledge

of the facts through the columns of this journal, because to deal with Mr. Hoyt had become dangerous. We invite judicial inquiry, and are ready to substantiate every charge of defalcation. Mr. Hoyt will force the matter to issue or acknowledge the truth of our article.

To do Mr. Hoyt the fullest justice we reproduce his circular and the evasive letter of Messrs. Hutchinson & Mann, as follows:

SAN FRANCISCO, January 15, 1887.

*F. T. Hoyt, Esq., San Francisco*—DEAR SIR: Our attention has been called to an article in the COAST REVIEW for January, in which it is stated that by reason of your becoming greatly in arrears with us your relations with our firm were abruptly terminated. This is incorrect. At the time you left our employ the relations existing between us were of a pleasant character. You resigned your position for the purpose of accepting other service, which at the time appeared to be more profitable; and we can certify that it was with regret that we parted with your valuable services.

Trusting this letter will do away with any false impression which might be created by reason of the above-referred-to article, so far as the same refers to your relations with us, we are

Very truly yours,

HUTCHINSON & MANN.

SAN FRANCISCO, January 10, 1887.

DEAR SIR: The January number of the COAST REVIEW contains an article seriously reflecting upon my character for integrity, and as the statements therein contained are to be read by the majority of the persons engaged in the insurance business, and, if uncontradicted, will probably mislead many persons unacquainted with me, I deem it due to myself to ask a suspension of judgment by all who may read the article until I shall have had an opportunity to vindicate my character from this most unjust attack. The article is conceived in malice and inspired by personal enmity. The statements therein contained are based upon distortions of fact, and are—both in spirit and scope—untrue. I shall prosecute the COAST REVIEW for this libelous publication, and as soon as a case for that purpose can be prepared. The matter is now in the hands of my lawyers, and I ask that those unfamiliar with my past standing in insurance circles shall suspend judgment until the outcome of the prosecution which I shall institute shall determine the truth or falsity of the charges made.

I rank, at present, as among the best of my business friends the firm of Hutchinson & Mann, and the managing officers of the Oakland Home Insurance Company, which of itself is an answer to the libelous statements made in the COAST REVIEW.

It is my intention that in the future, as in the

past, my occupation shall be in the insurance business in the City and County of San Francisco, notwithstanding the effort of the proprietor of the COAST REVIEW to drive me therefrom.

Very respectfully,  
FRED T. HOYT.

### The Companies.

#### Oregon Fire.

The Oregon Fire, of Portland, reports \$344,461 assets, \$89,731 net surplus, \$70,148 net premiums, and \$27,538 losses. Comparing these figures with those for last year, we find a gain of \$32,888 in assets, a gain of \$31,638 in surplus, and a gain of \$12,328 in premiums. The loss ratio was 39.3 per cent. as against 30 for 1885.

#### Hamburg-Bremen.

The Hamburg-Bremen, of Hamburg, shows an increase of \$96,097 in its United States assets, which now aggregate \$1,119,691.92. The surplus in the United States is \$509,893. In this field, where the company is represented by Speyer & Herold, an increased business is reported, with a moderate loss ratio of 41.6 per cent.

#### Lion Fire.

The Lion Fire of London cables that a very favorable year has been experienced. Sixty thousand dollars have been added to the reserve, and a dividend of five per cent. has been paid. The United States branch figures are as follows: assets, \$803,283, a gain of \$38,848; net surplus, \$554,960; premiums, \$386,764, a gain of \$16,689. The total income of the United States Branch was \$410,457, and the total expenditures were \$362,753, leaving a balance of \$47,704 as the result of the year's transactions. On the Pacific Coast the Lion did an increased business.

#### Scottish Union & National.

The figures of the United States branch of the Scottish Union & National of Edinburgh, are as follows: assets, \$1,332,050, a gain of \$178,831; premiums, \$414,646, a gain of \$40,902; total income, \$458,268; total outgo, \$36,800; excess of income, \$121,468; loss ratio, 48.5 per cent.; gain in United States surplus, \$168,932; total

American surplus \$1,040,404. The business of the company on the Pacific Coast was largely increased.

#### Niagara.

The Niagara Fire, of New York, represented by Speyer & Herold on the Pacific Coast, reports an increase of \$179,530 in assets, and \$91,627 in net surplus. The assets are now \$2,260,480. A larger business was done in this field, with a diminished loss ratio of 47 per cent.

### Firemans Fund Insurance Company.

The annual statement of the Firemans Fund Insurance Company of San Francisco, which we print this month, shows more than usual progress. The assets gained \$102,166, not including the quarter of a million increase in capital and \$75,000 bonus. The net surplus advanced \$80,665, notwithstanding the large increase in the reinsurance reserve required by the extraordinary gain of \$146,167 in premium income. The increase in fire premiums was \$177,430, the marine business falling off. The loss ratio (57.8) while about the average of all companies in the United States is considerably more than the usually moderate loss ratios of the Firemans Fund. The increase was owing to a disastrous experience in the marine department, where the loss ratio was 87.5 per cent. The loss ratio in the fire business was only 52.2 per cent., which is considerably less than the average fire loss ratio.

The Coast business, almost uniformly good for nearly all companies, was this year bad, or comparatively bad, for nearly all; and the Firemans Fund was not a favorite of fortune in this field this time. The Coast premiums increased \$49,598, mostly in California, but the loss ratio rose from 34 to 53 per cent.

The prominent figures of the annual statement are as follows: cash capital, \$1,000,000; assets, \$2,052,263; net surplus, \$380,949; fire premiums, \$830,294; marine premiums, \$158,519.00; total premiums, \$988,813; fire losses, \$433,320; marine losses, \$138,362; total losses, \$571,682; total income (including \$325,000 capital and bonus), \$1,393,449; total outgo, \$1,025,283.

### The California Insurance Company.

The annual statement made by the California Insurance Company of San Francisco, this year, is a very creditable one and a very satisfactory one. Considerable gains were made in every department, and yet the losses were far less, although the premiums advanced some \$56,000. The assets of the California are now \$1,068,877, a gain of \$58,163 over last year's figures. The net premium income was \$415,659, a gain of 14.5 per cent. The losses were \$234,977, or 52.7 per cent. of the premiums. With this percentage the California approaches its normally low loss ratio.

Referring to a detailed statement of the assets of the company, as submitted to the Commissioner, we find 20 per cent. invested in United States government bonds, and the remainder in first-class local securities, cash, etc. Twelve per cent. dividends were paid stockholders.

On the Pacific Coast, the California made noteworthy gains, both in California and on the Coast. The loss ratios in both territories were also lowered, to 38.7 and 41.5 per cent. respectively.

### The Commercial Insurance Company.

The Commercial Insurance Company of San Francisco reports assets to the amount of \$446,611 on Jan. 1st, and a net premium income of \$361,181 for the year. This was a slight gain. The loss ratio was comparatively high, owing to extraordinary losses incurred, in common with many other companies, in the writing of marine risks at this point. The California business increased considerably, but there must have been a very large increase East of the Rockies to counter-balance the liberal pruning of risks elsewhere on the Coast. The usual twelve per cent. dividends were paid.

Since organized in 1872, a period of fifteen years, the assets of the Commercial have advanced from \$228,737.42 to \$446,611.09. The net surplus has risen from \$28,109 to \$65,461.97. The income over expenditures has been \$379,022. Cash dividends to the amount of \$456,000 have been paid to stockholders, an average of \$30,400 annually on

a capital of \$200,000. The fire losses paid aggregate \$1,128,466.61, and the marine losses, \$453,380.91, or a total of \$1,581,849.51 paid in losses during the fifteen years.

The Secretary of the Commercial Insurance Company, Charles A. Laton, was recently re-elected to that position for the fourteenth time.


### Anglo-Nevada Assurance Corporation.

The Anglo-Nevada Assurance Corporation, of San Francisco, reports \$2,263,446 assets, to which the colossal capital of \$2,000,000 contributes somewhat largely. The report is virtually the first made, for the company only began business in December, 1885. The net fire and marine premium receipts were, respectively, \$345,228 and \$88,898, making a total of \$434,125. The losses in the two departments were \$99,041 and \$2,564, aggregating \$101,605, making the low loss ratio of 23.4. The revenue account shows a balance of \$213,536 over all expenditures. The first year's experience of the Anglo-Nevada has therefore been highly satisfactory and encouraging. Now that the capital is fully paid up, the company is at liberty to enter any State in the Union, and a large increase of business during 1887 may therefore be confidently predicted. For the California and Coast business of the company, the reader is referred to our Chart Supplement elsewhere.

### The Home Mutual Insurance Company.

We print elsewhere, on a colored page, the twenty-third annual statement of the Home Mutual Insurance Company of San Francisco. The withdrawal of the company from the East has resulted in a reduction of the premium income, while the cancellation of much of the Eastern business and the payment of all obligations incurred in that field have necessitated a similar reduction in the assets. The net results of the year's transactions, as exhibited in the loss ratio, are highly satisfactory, only 38.4 per cent. of the premiums being required to pay losses. The net surplus gained \$21,468.

JANUARY, 1887.

CASH CAPITAL,		CASH ASSETS,
\$600,000.00		\$1,068,877.56

FIFTY-SECOND FINANCIAL STATEMENT  
OF THE

# CALIFORNIA

INSURANCE COMPANY,  
SAN FRANCISCO, CAL.,

On the First Day of January, 1887.

Cash Capital, fully paid up in gold .....	\$ 600,000 00
Reserve for re-insurance.....	256,360 68
Reserve for outstanding losses.....	40,094 00
Reserve for all other claims against the Company., .....	8,911 77
Net Surplus over all Liabilities.....	163,511 71
<b>TOTAL.....</b>	<b>\$1,068,877 56</b>

ASSETS AT MARKET VALUE.

Cash on hand, with Agents, and in Bank .....	\$ 207,064 61
United States Bonds.....	192,000 00
Real Estate.....	132,632 55
Bank Stocks.....	185,938 00
Corporation and R. R. Stocks and Bonds.....	247,520 00
Bills Receivable (Marine Premium Notes), and due by Agents .....	86,934 38
Loans on Mortgage of Real Estate secured.....	9,000 00
Accumulated Interest on Investments.....	7,788 02
<b>TOTAL CASH ASSETS.....</b>	<b>\$1,068,877 56</b>

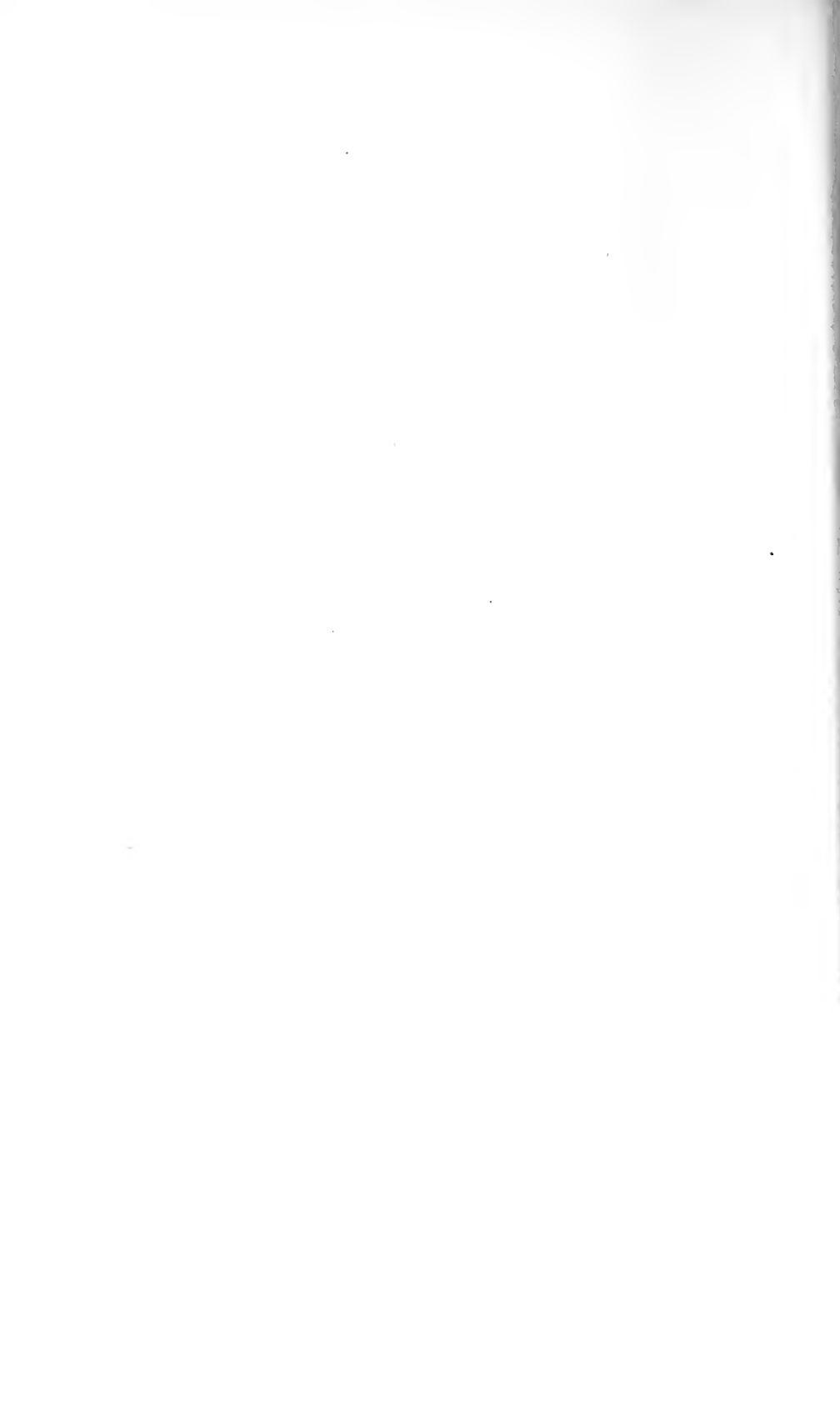
Net Surplus as regards Policy Holders, \$763,511.71

LOSSES PAID, \$2,587,185.47

L. L. BROMWELL, *Pres.*

JOHN BERMINGHAM, *Vice-Pres.*

W. H. C. FOWLER, *Sec'y.*



The business of the company in the home field, to which it now almost confines itself, shows gains in California and elsewhere on the Pacific Coast. The California business is as usual the largest of any company operating in the State, and the second only to that of the largest company. The loss ratio in California was only 33.4, and on the entire Coast only 35.4 per cent. Both are away below the average. The usual twelve per cent. dividends were paid. Since organization in 1864 this company has paid \$2,533,305.80 in losses.

Referring to the illuminated page adorning this month's COAST REVIEW, we find that the assets are now \$780,606, while the net surplus is \$253,754. Adding the \$300,000 cash capital, we have \$553,754 as the surplus to policyholders. The premiums were \$325,020, and the losses \$124,852.

#### The State Investment Insurance Company.

This San Francisco company makes a better showing this year than last. The taking over of the business of the Western Fire and Marine Insurance Company is shown in the largely increased premium receipts of the State Investment Insurance Company; and the addition of \$200,000 to the paid-up capital has swelled the assets accordingly. The gain of \$79,496 in premium receipts has necessitated a similar advance in the reinsurance reserve, which, figuring as a liability, whittles the net surplus down to a very fine point; but the surplus to policyholders has gained \$148,725.

The State Investment transacts nearly all its business within the limits of California, and the noteworthy gains already referred to were made in this State. The total premium income was \$226,274, as against \$146,778 last year. The assets are now \$531,539.76. With a paid-up capital of \$400,000 and assets of \$531,000 the State Investment can easily maintain a leading position in the amount of business transacted in this State.

The annual statement of the State Investment is printed elsewhere in the COAST

REVIEW, and to this full report of the company's business and resources the reader is referred for any further information.

#### The Pacific Surety Company.

The Pacific Surety Company of California has filed with the Insurance Commissioner its annual report for the first full year of its operations since its organization. The company commenced business in August, 1885, and its report filed with the Commissioner in January, 1886, only covered this small fraction of the year from August to December, 1885. The present report covers the full year from January to December, 1886, and is, therefore, the first regular statement, from which the data of a full year's operations can be obtained. The company has now been in business a little over sixteen months, and as it is a strictly home company, composed of well-known business men mostly of San Francisco and Oakland, operating in a field of insurance novel to the insurance world, it is interesting to note the result since the company's organization.

The company was formed to insure the fidelity of employees, and to furnish bonds required in the courts and from public officials—in other words, to insure against loss by dishonesty.

The capital of the Pacific Surety Company is \$100,000, fully paid. Its first bond was written on August 26, 1885. From that date to December 31, 1885, it wrote bonds aggregating \$296,133, and carrying in premiums \$2,948.39. During this period it incurred no losses, though its bonds covered a wide range, including bonds for guardians, administrators, public officials, private employees, and in civil actions. Its expenses of organization and equipment were small for a company of this size, but sufficiently large to prevent any surplus at this time.

During 1886 the company wrote bonds aggregating \$1,918,209.50, and earning in premiums \$15,283.36. Its income from this and other sources amounted to \$19,724.58, and its expenditures to \$9,407.12, leaving the comfortable sum of \$10,000

gain as the result of the first full year's work. Deducting the re-insurance reserve, there remains a net surplus of \$6,409.22, which is unusual within so short a period after organization, and indicates a good field of business and careful management.

During 1886, this company, following the example of Eastern companies of like character, added an accident department to its business, from which the showing is already very flattering.

The success of this company should be especially gratifying, as it is a decided benefit to the business community and the individual, and its prosperity is a guarantee of its permanence among us.

### The Sun Insurance Company.

The Sun Insurance Company of San Francisco presents its annual statement elsewhere in this month's COAST REVIEW. The assets of the company have passed the half-million post, and the annual premium income has approached so near a quarter of a million that we may use those figures in dealing with round numbers. The following summary will best illustrate the progress of this young company since organized in 1882, with \$300,000 capital:

	Assets.	Premiums.
January 1, 1883.....	\$365,816	\$103,498
January 1, 1884.....	446,515	173,022
January 1, 1885.....	465,854	219,434
January 1, 1886.....	470,496	207,972
January 1, 1887.....	502,492	244,130

The assets were pushed forward \$44,636, last year, and the premium income gained \$36,158. The loss ratio was reduced somewhat. The excess of income over expenditures was \$42,551.86. The surplus for policyholders (including the reinsurance reserve) is \$466,701, a gain of \$7,356. Owing to the increase of business the net surplus (\$44,636) was slightly reduced.

The California business of the Sun increased some 17 per cent., and the outside Coast business remained about the same. The loss ratios were 36.5 for California and 37.9 for the Coast. The Sun was among the few more fortunate as regards the Coast business.

### Pacific Mutual Life Insurance Company.

Our popular local life insurance company, the Pacific Mutual, makes a first-class showing in its annual report this year. Gains were made in assets, surplus and premiums, the death losses were far less, and the ratio of expenses was lowered. The report is an exhibit of able and economical management, and the low death rate is evidence of careful selection of lives.

The assets of the Pacific Mutual Life are now \$1,498,621.17, a handsome gain of \$160,029.41 during the year. The total liabilities, according to the American Table of Mortality, with interest at  $4\frac{1}{2}$  per cent., are \$1,305,161, making the gross surplus \$193,460.17, a clear gain of \$28,701.41. All death and endowment losses have been paid, none being in process of adjustment. The total receipts were \$489,490.81, and the total expenditures \$332,317.54, leaving the handsome balance of \$157,173.27. The premium income was \$408,841.31, a gain of \$49,974.70, or 14 per cent. The expenses of management, including taxes, were 25.9 per cent. of the premiums, and 21.6 of the total income. This is a reduction of about one per cent. The reduction in expense ratio has been very rapid and regular since 1880, when the ratio was 39.6 per cent. of the premiums and 31.9 per cent. of the income. In this period the surplus to policyholders has advanced from \$91,048 to \$193,460.

In the accident department the Pacific Mutual did remarkably well, taking in some \$93,000 in premiums and incurring very moderate losses. The business in both departments is increasing, and new territory is being covered. The growth and prosperity of the company is the best testimony as to its merits and popularity, and as to the character of the management.

The Missouri Legislature is wrestling with an anti-compact bill. Lo! the poor underwriters! A half-a-dozen Legislatures are considering anti-compact legislation.

The Attorney-General of Texas has decided that mutual assessment companies are insurance companies, and as such must pay the required taxes.

### The Germania Fire Insurance Company.

The Germania Fire Insurance Company, of New York, added some \$60,000 to its assets last year, and by a gain of \$160,197 increased its net surplus to \$638,084, or more than three times the capital with which the company began business in 1859. The assets are now \$2,500,773, making the surplus to policy-holders—including \$777,888 re-insurance reserve—the very handsome sum of \$2,415,365.

Referring to the handsome statement printed elsewhere, we find that the net premium receipts of the Germania last year were \$1,063,080.21, with \$568,954.73 losses paid, which included \$144,148 losses incurred during the previous year. The total income was \$1,163,254.48, and the total expenditures were \$1,086,218.95, which include 10 per cent., or \$100,000, dividends.

Since organized, the Germania Fire has paid more than \$10,000,000 in losses, and \$1,800,000 in dividends to stockholders. Of twelve companies organized early in 1859 but four are now doing business, and the Germania leads the quartette.

In this field the Germania did a good business, and sustained a loss of only 31 of the premiums in California and 25 per cent. on the Coast. Messrs. Gutte & Frank are the Pacific Coast representatives of this enterprising New York company.

These gentlemen represent, in addition to the Germania, two fire companies and four marine companies. The companies represented are the Germania, of New York, the Hamburg-Magdeburg, of Hamburg, the Magdeburg, of Magdeburg, the Franco-Hungarian, of Budapest, the Magdeburg General, of Magdeburg, the National, of London, and the Merchants' Mutual, of Baltimore. The total premium income of the agency last year was \$125,789, and the total losses were \$31,222, or 24.8 per cent. of the premiums, the lowest loss ratio of any general agency in San Francisco.

Rates have been advanced 50 per cent. in Galveston, Texas, on account of the inefficiency of the fire department and water supply

### Anti-Compact Legislation.

There are two anti-compact bills before the Legislature—an Assembly and a Senate bill, both alike. One of these bills we print elsewhere. Under its provisions every non-resident company must file with the Insurance Commissioner an agreement to refrain from entering into any compact to fix rates. Fire, marine, life and accident companies all must make and file such stipulation as a condition precedent to the transaction of business in California. It is reported that the prospects of the passage of this anti-compact bill are good. The report may be readily believed, for any hostile insurance bill is always favorably considered by the average legislator.

In discussing this proposed anti-compact legislation, it is doubtless a waste of time and breath to prove that the compact is simply a combination of underwriters working for the improvement of risks, for the reduction of expenses, for the abolition or abatement of common evils, and for the establishment of rates based on the experience of all and not of the few. It is useless to stand on dignity and respectability, and to parade the millions of assets and millions of indemnity. The question which the Legislature and the people will seriously consider is whether the compact was an agreement to establish exorbitant rates. Let the negative be proved, as it can be proved, and the issue may then be submitted to the Legislature without argument and without reasonable doubt as to the result.

The main opposition to the compact comes, not from property-owners, but from San Francisco brokers, led by one Burns, whose commissions have been reduced from 20 to 15 per cent. One of the principal objects of the compact was to reduce expenses by restricting commissions to reasonable limits. The brokers believe that if the compact is killed their former high commissions will be restored. All the compacts in the United States are opposed by the brokers, because commissions are reduced. The alternative is almost universally presented to the companies to reduce

commissions or raise rates; and commissions can be kept down only with the aid of compacts. Property-owners should understand that this anti-compact fight is mainly a broker's fight, abetted by the owners of undesirable property whose rates have been justly raised that the rates on better property might be justly lowered.

In the re-adjustment of rates, some property-owners pay more and some pay less than formerly. The owners of rookeries now pay more, and the owners of good, substantial property now pay less. The rookery and dilapidated-property men, led by Mr. Clunie, have, therefore, raised a great outcry against the compact, and are importuning the Legislature to abolish the compact. The rookery men hope that under a system of unrestricted competition the old inadequate rates will be restored, and they are naturally indifferent to the fact that there can be no such restoration without a corresponding restoration of the higher and unfair rates on the better classes of property. If the rookery men succeed in breaking up the compact by legal prohibition and in restoring the former inadequate rates on bad and dilapidated risks, they will have secured the passage of a law discouraging the construction of a superior class of buildings and encouraging the construction and preservation of those inferior and shabby-looking buildings which disgrace so many cities, towns and villages, and greatly increase the general fire hazard.

The underwriters can prove, and should prove, that rates have been lowered in thousands of instances, under a better system of inspection. These changes in rates have been made as the result of a better knowledge of the hazard, acquired under a salaried system of inspection. Rates have been lowered in recognition of improvements which reduced the fire hazard, and rates have been raised because such improvements were not made, either in the property itself, or in "exposures," or in the community at large. The influence of the compact has, therefore, been very powerfully exerted in behalf of the erection of better buildings, and in the reduction of the fire hazard.

Under the compact system the San Francisco tariff has been lowered 15 per cent. Santa Cruz, Contra Costa county and other communities have had their rates reduced from Book 4 to Book 3. Maximum rates throughout the State and Coast have been fixed at 10 per cent. instead of 12 and 13.5 per cent. as formerly, when there was no compact. Wet-log saw-mills have been reduced from 10 per cent. to 6.5 per cent. for steam power, and from 5 per cent. to 3.25 per cent. for water power. Grain warehouses have been reduced from 1.50 to 1.25 per cent. The space necessary to "break range" has been lessened from 25 feet to 10 feet, which is a valuable reduction to all property-owners adjoining frame ranges in towns and cities. Rates on entire blocks and portions of blocks in San Francisco have been voluntary lowered by the compact. For example, 126-130 Sutter street has been reduced from 1.20 to .80 on building, and from 1.40 to 1.10 on contents. The remainder of the block received corresponding reductions. At 339 Bush the rates have been changed from 1.75 to .75 on building, and from 1.75 to .85 on contents. At 212-14 Kearny building and contents are now rated at .80 and 1.00, whereas as before the compact they were rated at 1.00 and 1.50. These reductions of rates, voluntarily made by that "gigantic insurance monopoly," the compact, are but samples of the reductions made in large districts in San Francisco and elsewhere. Similar voluntary reductions of rates were made on Kearny, Montgomery, Post, Market, Pine, Dupont, Geary, Sacramento, Clay, Washington, Main, Battery, Beale, Stevenson, Berry, and other streets and lanes or "places." These voluntary reductions prove that the compact was not organized to raise rates.

That the compact has not raised rates in the aggregate is shown by a comparison of the business done since and before the compact. The percentage of increase in premium rates is substantially the same now as formerly, and is to be credited to the natural growth of the material interests of the State. The compact has been in operation a little over two years, and we may

therefore set the date at January 1, 1885, for purposes of comparison. The San Francisco premium receipts for 1881-2 were \$3,615,023, and for 1883-4, \$3,927,540, a gain of \$312,517. The premium receipts for 1885-6, the first two years under the compact, were \$4,020,273, an increase of only \$92,733. During the first year after the inauguration of the compact the San Francisco premium receipts fell off \$34,000. These figures prove that rates have not been raised in the aggregate in San Francisco. They prove that rates have been lowered in the aggregate, for the increase has not nearly kept pace with the growth of the city, and is not nearly so great, neither in percentage nor volume, as the increase before the compact. In 1885, the first year of the compact, the percentage of increase in the California premium receipts was only 1.2 per cent. In 1884, when there was no compact, the percentage of increase was 6.6. In previous years there were similar gains. Last year, owing to the extraordinary immigration in Southern California and the consequent growth of improvements, the companies did better. On the Pacific Coast, exclusive of California, which is also subject to the compact, the increase for the two compact years was nominal, and for the first compact year there was a considerable decline in the premium income. The total percentage of increase in the premium receipts from the California business for the two compact years was 11.8, and for the two previous years the percentage of increase was 10.6. The nominal difference of 1.2 per cent. is to be attributed to the remarkable growth of Southern California towns during 1886. These figures show that the compact, or the Pacific Insurance Union, in equalizing rates has not raised them in the aggregate.

The new companies entering the State in 1884, when there was no compact, were ten. In 1886, under the compact, when rates are alleged to have been higher, only four new companies entered the State. In the former year of no "monopoly" six companies withdrew. In the latter year of "monopoly" and "exorbitant rates" eleven companies withdrew. These are additional facts

which go to disprove the charge that rates have been raised in the aggregate or on the average.

If the members of the Legislature are really and honestly anxious to protect their constituents from the impositions of monopolies, they will dismiss this compact matter until evidence is forthcoming that the compact has raised rates in the aggregate; and they will immediately turn their attention to those numerous combinations, the real monopolies, which compact to fix high rates in every-day necessities—the meat, coal, kerosene, lumber, powder, transportation, and other monopolies. If the compacts of the wholesalers, the manufacturers, the butchers, etc., continue to be ignored, as they have heretofore been, the sincerity of the supporters of the anti-insurance-compact measures may be fairly questioned, and remarks as to cinching legislators will be in order.

### The Philadelphia Compact.

The Philadelphia Fire Underwriters' Association recently appointed a committee to prepare a form of compact, which is now submitted, with the request that it be accepted or rejected as a whole. Under the provisions of the proposed compact all classes are to be rated. No policy shall be issued for a longer time than one year upon the contents of any building, except upon household furniture in dwellings. For term policies upon such furniture the rates are two annual rates for two years, two and a half annual rates for three years, three and three-fourths for four years, and four for five years. Five years is the limit on such policies. On buildings other than manufactories, the rates are the same up to five years; for six years the rates are four and three-quarters; for seven years, five; for eight, six; for nine, six and three-quarters; for ten, seven. Ten years is the limit on such buildings, and one year on buildings occupied as manufactories. Each Philadelphia company is permitted to have seven branch agencies or offices, and each agency company the same number in addition to its main agency. The appointment

of solicitors is forbidden. Brokerage is restricted to ten per cent., except upon dwellings and their contents, upon which the limit is fifteen per cent. Brokers must enroll themselves, and on the 15th of every month must pay all premiums collected. No rebates nor presents are allowed.

## California and Coast Fire Business of 1886.

### A GLANCE AT OUR FIRE FIGURES.

We print this month our usual "stupendous aggregation" of fire, marine, life and accident statistics, prominent among which is the Chart Supplement containing the figures of the fire business in California and on the Coast during 1886. The year was not a satisfactory one to the fire companies, neither in the State nor elsewhere on the Coast. Gains were made in risks written and in premiums, but greater gains were made in losses. The three classes of companies—local, other-State and foreign—all made gains, both in California and on the Coast. It is a curious fact that not one of these classes of companies can report any decrease in any respect: risks, premiums, losses, loss ratios, all advanced. As a whole, the foreign offices fared worst, their average loss ratios being the highest.

The average loss ratios of 51.2 for California and 51.0 for the Coast are not so bad as was feared three months ago, nor quite so bad as we estimated last month. We greatly underestimated the premiums, by assuming that the low ratio of increase would continue. The increase was much greater than usual. San Francisco's loss ratio was about 56 per cent.; the loss ratios for the State and the Coast were respectively 51.2 and 51.0 per cent.

The following tables show the gains made by the several classes of companies, in California and on the Coast, during the year:

#### CALIFORNIA BUSINESS OF CALIFORNIA COMPANIES.

	Increase.
San Francisco premiums.....	\$35,151
Amount written in State.....	17,303,880
State premiums.....	258,502
State losses.....	172,709
Increase of loss ratio.....	6%

#### CALIFORNIA BUSINESS OF OTHER-STATE COMPANIES.

	Increase.
San Francisco premiums.....	\$37,677
Amount written in State.....	6,517,224
State premiums.....	212,395
State losses.....	149,629
Increase of loss ratio.....	2.3%

#### CALIFORNIA BUSINESS OF FOREIGN COMPANIES.

	Increase.
San Francisco premiums.....	\$35,267
Amount written in State.....	2,444,087
State premiums.....	173,605
State losses.....	298,818
Increase of loss ratio.....	9.3%

#### TOTAL CALIFORNIA BUSINESS.

	Increase.
San Francisco premiums.....	\$108,095
Amount written in State.....	26,265,191
State premiums.....	644,504
State losses.....	621,156
Increase of loss ratio.....	6.5%

#### PACIFIC COAST BUSINESS OF CALIFORNIA COMPANIES.

	Increase.
Amount written.....	\$16,239,098
Premiums.....	297,038
Losses.....	221,644
Loss ratio.....	6.4%

#### PACIFIC COAST BUSINESS OF OTHER-STATE COMP'S.

	Increase.
Amount written.....	\$7,862,982
Premiums.....	272,296
Losses.....	246,086
Loss ratio.....	4.5%

#### PACIFIC COAST BUSINESS OF FOREIGN COMPANIES.

	Increase.
Amount written.....	\$2,749,990
Premiums.....	233,634
Losses.....	448,429
Loss ratio.....	11.9%

#### TOTAL PACIFIC COAST BUSINESS.

	Increase.
Amount written.....	\$26,852,670
Premiums.....	802,868
Losses.....	916,159
Loss ratio.....	8.0%

Total Coast losses six years.....	\$17,527,970
Total Coast premiums six years.....	41,012,699
Average of loss ratio to premiums.....	42.7%
Excess of loss ratio 1886 over average...	8.3%

In consulting our Supplement several things should be borne in mind. The list of agents are the present representatives, and it does not follow, because their names are given, that they had charge of the company all the year, if at all. Several changes in agencies were made during the year, no-

tably the Connecticut, Oregon, Pennsylvania, Providence-Washington, Imperial, and Royal, Norwich Union & Lancashire.

Estimating the expenses of transacting business in this field at 40 per cent., thirty-four out of ninety-nine companies lost money in this field last year, and others had little to boast of. It is safe to say that if there had been no compact in operation, 1886 would have been an unprofitable one to many more companies, and the average loss ratio would have been considerably higher.

### Withdrawal of the South British and National.

The directors of the South British and National insurance companies have finally resolved to withdraw their companies from this field. During the eight years in which the companies have operated in this field, under the management of W. J. Callingham, the Coast business has been profitable, but the extension of the business to Honolulu, British Columbia and the East, three or four years ago, has proved unprofitable. The balance-sheet of the entire business, including the foreign points mentioned, shows even results. No money has been made, and none has been lost. The business under the direct supervision of the general agency has been profitable, but heavy losses were incurred in the remote fields which could be supervised only in a formal fashion. The mistake of the companies and the general agent was in covering too large a territory with one general-agency plant.

H. E. Williams, of the National, and J. Drummond Macpherson, of the South British, are still in this city, negotiating for the re-insurance of the business. Several prominent offices are figuring to take over the business of the two companies, but no definite arrangements have yet been made. About \$150,000 in premiums are in force.

We think that the directors have acted unwisely in surrendering so valuable a business, though they have certainly acted with great deliberation. It is admitted that the business in this field has been profitable; and if it were limited to

this field, a valuable plant would be preserved, with every reasonable assurance that the average profitable results would continue to be secured in the future.

General Agent Callingham will continue to represent the City of London Fire Insurance Company, and will probably soon add other companies to his agency.

### Wisconsin Wisdom.

In his annual message Governor Rusk of Wisconsin made the following recommendations relative to insurance legislation:

"I am induced to believe that the insurance laws might be modified to some extent, so as to be more beneficial to the business interests of the State. The rate of insurance seems to be increasing throughout the State, while the insurance companies claim that they are making no profits upon their business. As the law now stands, in case of total loss, the insurance company must pay the full amount for which the property is insured without regard to its value. This law has created a tendency to over-insurance and this over-insurance has in many cases, no doubt, been the cause of the destruction of the property by fire, either by engendering a feeling of carelessness or by direct incendiarism. Could some law be so framed as to do away with this tendency, and at the same time not relieve the insurance companies from the over-zealous acts of their agents in insuring property for more than two-thirds of its value, I believe it would work a reduction of the rates of insurance and be of great value to the people. To secure proper care the owner should have some interest in the property that would not be made good to him in case of loss. The owner should not be permitted to recover more than two-thirds of the value of the property destroyed, and at the same time I believe the insurance companies should not be relieved from paying all they contract to pay. This end can be accomplished by enacting a law that will forfeit to the State, to go to the School Fund as other forfeitures and penalties, all that part of the sum contracted for in the policy of insurance that is above two-thirds of the value of the property destroyed."

## FIRES.

## California.

## January 14, San Rafael, frame hotel, etc.:

Royal, Norwich Union & Lancashire .....	\$221
Phoenix, London .....	110
Liverpool & London & Globe .....	552
Union, San Francisco .....	277
Home & Phoenix .....	424
British America .....	165
Fire Ins. Ass'n, London .....	292

## January 11, San Diego, general merchandise and frame building:

Svea .....	\$100
Firemans Fund .....	500
London & Lancashire .....	1,250
Caledonian .....	1,350

## January 28, Anderson, general fire:

Anglo-Nevada .....	\$918
North British & Mercantile .....	650
Connecticut .....	600
German-American .....	500
London, Northern & Queen .....	750
Imperial .....	250
Liverpool & London & Globe .....	957
Atlas .....	500
Firemans Fund .....	3,100
National, New York .....	2,000
Western, Toronto .....	703
Home & Phoenix .....	1,850
Hartford .....	1,000
Amazon .....	371
Imperial .....	300
National, Ireland .....	500
Providence-Washington .....	1 000

Total .....

January 6, Sacramento, furniture stock:

Caledonian .....	\$689
Manchester .....	651
Sun Mutual .....	1,000

January 10, Sacramento, frame dwelling:  
Home Mutual .....

January 9, Oakland, frame dwelling:  
Home & Phoenix .....

January 24, Los Angeles, frame store:  
Home Mutual .....

January 6, Redding, saloon:  
Manchester .....

January 30, San Bernardino, frame building:  
Ætna .....

January 31, Grass Valley, frame building:  
Ins. Co. of North America .....

January 24, Florin, wind-mill factory:  
Continental .....

Firemens, Newark .....

January 6, Sacramento, brick building:  
Amazon .....

January 10, Merced, dwelling:  
Agricultural .....

January 25, Oroville, frame dwelling:  
London & Lancashire .....

January 25, Red Bluff, frame building:  
London & Lancashire .....

January 26, Near Haywards; frame barn:  
Home Mutual .....

January 14, Oakland, stock of glass, etc.:  
London & Lancashire .....

January 24, Lathrop, frame building:  
Firemens, Newark .....

January 15, Merced, dwelling:  
London & Lancashire .....

January 26, Napa, hay and buildings:  
Fire Ins. Ass'n, London .....

Springfield .....

Clinton .....

Home Mutual .....

January 28, East Napa, carriage factory:  
Oakland Home .....

January 3, Lemoore, building:  
California .....

January —, Napa, blacksmith shop:  
Southern California .....

January 27, Chico, dwelling livery stable and contents:

Springfield .....

California .....

Liverpool & London & Globe .....

Sun, S. F. .....

January 13, Yolo county, barn:  
State Investment .....

January 28, Port Costa, dwelling:  
State Investment .....

January 8, Sacramento, furniture:  
State Investment .....

January 28, Stockton, general merchandise:  
Commercial Union .....

January 10, San Bernardino, farm machinery:  
Lion .....

January 21, Bradley, dwelling:  
Washington .....

January 22, Nevada City, dwelling:  
Fire Ins. Ass'n, London .....

January 16, Brown's Valley, boarding-house:  
American, Philadelphia .....

Phoenix, Brooklyn .....

# NINETEENTH ANNUAL STATEMENT

# The Pacific Mutual

Life Insurance Company, of California.  
(Life and Accident.)

FOR THE YEAR ENDING DECEMBER THIRTY-FIRST, 1886.

Received for Premiums .....	\$408,841 31
Received Interest, Rents, etc.....	80,649 50
Total Receipts.....	\$489,490 81
Paid Death Losses, Matured Endowments, Dividends and Surrender Values.....	\$226,330 52
Paid for Expenses of Management, in- cluding Taxes.....	105,987 02
Balance.....	\$157,173 27

## Assets.

Real Estate.....	\$ 142,557 72
Loans on Real Estate, first liens.....	1,034,381 88
Collateral Loans.....	5,211 94
Loans to Policy-Holders on their Policies.....	25,641 59
Premium Notes.....	54,527 88
Bonds and Stocks owned by Company.....	31,390 00
Cash in Bank and Office.....	74,719 95
Agents' Balances.....	5,233 02
Furniture and Fixtures.....	3,444 21
Interest Due and Accrued.....	66,492 08
Premiums Due and Deferred (Net).....	50 894 41
Bills Receivable.....	1,126 49
Supplies, Printed Matter, &c.....	3,000 00
TOTAL GROSS ASSETS.....	\$1,498,621 17

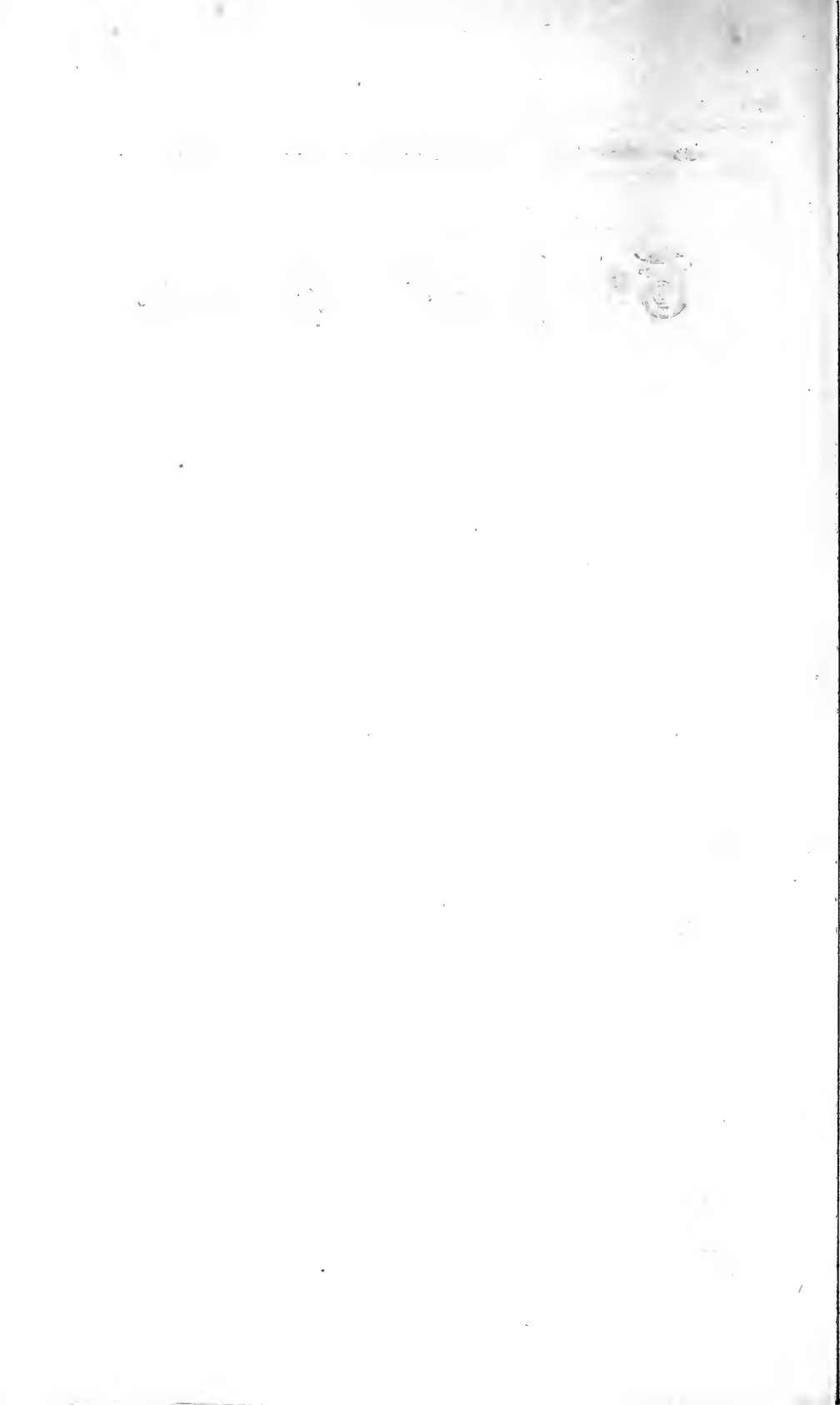
## Liabilities.

Net Present Value of all outstanding Policies, computed according to American Table of Mortality, with Interest at 4½ per cent.....	\$1,304,903 00
Matured Endowment uncalled for.....	258 00
Total Liabilities.....	\$1,305,161 00
Gross Surplus.....	193,460 17
TOTAL.....	\$1,498,621 17

GEORGE A. MOORE, *President.*  
GEO. W. BEAVER, *Vice President.*  
J. N. PATTON, *Secretary.*  
SAMUEL M. MARKS, *Ass't Secretary.*

THOS. BENNET, *Gen'l Superintendent.*  
W. R. CLUNESS, M. D., *Medical Director.*  
WM. O. GOULD, *Actuary.*  
CHAS. N. FOX, *Attorney.*

Principal Office, 418 California St., San Francisco.



**California.**

January —, Inyo county, frame buildings:

American, N. J. .... \$500  
London & Lancashire ..... 500

January 8, Oakland, dwelling:

Union, San Francisco.....\$230

January 26, Oakland, printing office and stable:

Union, San Francisco.....\$600

January 17, Berkeley, glass works:

Svea..... \$589  
German, Ill..... 1,125  
Clinton..... 1,125  
Howard..... 900  
Southern California..... 518  
Western, Toronto..... 598  
Fire Ins. Ass'n, London..... 1,125  
Manchester..... 1,750  
State Investment..... 911

Total.....\$8,641

January 17, Madera, frame building, saloon:

Fire Ins. Ass'n, London. .... \$430  
Svea..... 500  
State Investment..... 500

January 28, Stockton, stock and furniture and brick building:

California.....\$403  
Union, New Zealand..... 193  
Oakland Home..... 193  
National, Ireland..... 120

January 28, Santa Barbara, dwelling:

London, Northern & Queen.....\$500

January 22, Los Gatos, dwelling:

Oakland Home.....\$100

January 29, Marysville, brick building and contents:

Oakland Home.....\$1,700

January 4, Sacramento, brick bakery:

Liverpool & London & Globe.....\$607

January 3, San Jose, grocery:

Liverpool & London & Globe.....\$334

January 17, Oakdale, general fire:

Helvetia..... \$573  
Hamburg-Bremen..... 1,371  
Niagara..... 500  
Sun..... 650  
Amazon..... 900  
Pacific..... 1,300  
London & Provincial..... 573  
Home & Phoenix..... 1,225  
State Investment..... 1,450

Total.....\$8,542

January 6, Fresno county, dwelling:

Phenix, Brooklyn.....\$369

January 25, Fresno county, harvester and barn:

Firemans Fund.....\$1,000  
Phenix, Brooklyn..... 2,006

January 17, Oakland, hay and barn:

Amazon.....\$800  
Pacific..... 500  
Fire Ins. Ass'n, London..... 800

January 2, San Jose, general merchandise:

North British & Mercantile.....\$181

January 10, Butte City, saloon:

North British & Mercantile.....\$400

Total California, S. F. excepted.....\$80,496

January 17, San Francisco, stock and building:

American, Phila.....\$500

January 17, San Francisco, brick and frame building:

Guardian.....\$458

January 17, San Francisco, store and lodgings:

London, Northern & Queen.....\$916

January 20, San Francisco, millinery in brick:

Liverpool & London & Globe.....\$100

January 17, Jan Francisco machinery:

Oakland Home.....\$584

January 17, San Francisco, cigar store:

North German.....\$1,925

January 17, San Francisco, frame building:

Ins. Co. of N. A.....\$458

January 11, San Francisco, saloon:

North German.....\$956

Prussian National..... 956

January 4, San Francisco, wearing apparel:

North German.....\$126

January 18, San Francisco, grocery:

Connecticut.....\$109

January 19, San Francisco, clothing stock:

Connecticut.....\$237

December 17, San Francisco, carpets:

Commercial.....\$393

January 12, San Francisco, wines:

New Zealand.....\$125

January 18, San Francisco, brick buildings:

Commercial Union.....\$450

National, Hartford..... 224

Scottish Union..... 229

**California.**

January 15, San Francisco, general fire:	
Providence-Washington.....	\$500
State Investment.....	512
Manchester.....	133
London & Lancashire.....	133
Sun Mutual.....	440
London & Provincial.....	1,215
Western, Toronto.....	1,000
Security.....	584
Svea.....	500
New Zealand.....	1,025
Clinton.....	400
Concordia.....	500
Total.....	\$6,942

January 30, San Francisco, mattress factory:

Svea.....	\$735
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January 20, San Francisco, assay office:

Royal, Norwich Union & Lancashire.....	\$305
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Total San Francisco..... \$16,628

Total California..... \$97,124

**Oregon.**

January 23, Astoria, hotel:

Anglo-Nevada.....	\$255
Connecticut.....	767

January 9, East Portland, meat "packery":

Connecticut.....	\$1,092
Security.....	467
Scottish Union.....	779
Lion.....	265
Orient.....	130
Washington.....	130

January 8, La Grande, brewery and lodging house:

Firemans Fund.....	\$1,500
Lion.....	550
Washington.....	550

January 12, McMinnville, frame barn:

Home & Phoenix.....	\$812
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Total Oregon..... \$7,297

**Montana.**

January 7, Townsend, frame building:

American, Phila.....	\$1,000
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**Nevada.**

January 17, near Reno, frame barn:

Royal, Norwich Union & Lancashire.....	\$238
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January 14, Washoe county:

London, Northern & Queen.....	\$379
Imperial.....	59

**Arizona.**

January 18, Tucson, dwellings:

Firemans Fund.....	\$1,000
Home & Phoenix.....	750

**Washington.**

January 3, Columbia county, dwelling:

Phenix, Brooklyn.....	\$530
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January 3, Seattle, frame building and general merchandise:

London & Lancashire.....	\$1,800
Manchester.....	1,800

**Utah.**

January 10, Salt Lake, dwelling:

American, Philadelphia.....	\$150
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January 3, Salt Lake, beer "bottlery":

London & Provincial.....	\$516
Helvetia.....	516
Lion.....	650

Grand total..... \$112,809

**Shear Robbery.**

In one of his sketches of pilot life on the Mississippi, Mark Twain tells of a pilot who one night, during his spell off, came into the pilot house, and taking the wheel from his assistant, skillfully steered the boat through an unusually dangerous channel. After a while it was discovered that he had been asleep all the time. "If he can do that kind of kid-glove piloting when he is asleep," enthusiastically cried his companion, "what couldn't he do if he was only dead!" A different estimate of the capabilities of dead men seems to have been made by the St. Louis lawyer, who, according to Actuary Harvey, of the Missouri Department, has brought suit upon an accident policy, claiming that the insured, a brakeman who was killed in an accident, "has been, by reason of his death, disabled and precluded from following his usual vocation for a period of twenty-six weeks, and is therefore entitled to a weekly indemnity of \$10 per week, or \$260."—*Insurance News.*

**What Made Men Savages.**

A scientific writer asks, "Was early man a savage?" and argues that he was not. We think the scientist is in error. When early man wanted to build a fire he had to rub a couple of pieces of wood together ten or fifteen minutes to produce a flame, and that was enough to make any man a savage. If a man in our day, when obliged to jump out of the bed at midnight and strike a light, had to resort to such a slow process

to secure a flame, this country would be full of the savagest kind of savages.—*Norristown Herald*.

#### Rebates in Life Insurance.

It would seem that that discount [25 per cent. or any per cent.] would entirely destroy the effect of everything that had been said as to the scientific accuracy of the basis of our business and that the applicant would lose all respect for the company and its agent, and would think there is no solid foundation, but that the whole business is conducted upon the basis of a scramble to see who could get the most insurance at whatever sacrifice of principle.—*Willard Merrill*.

#### Plate Glass and Steam Boiler in Texas.

I recommend that laws be passed that will permit and encourage the entrance into the State of such companies as take risks on steam boilers, plate glass, live stock and other classes of risks that the necessities of the State may demand. While these companies would be extremely useful, yet the business done by them, owing to the condition of the country, would necessarily be small—in most cases too small to justify the payment of the State and county taxes as they now are. I therefore suggest that some arrangement be made that would enable these companies to satisfy the rights of the State by paying a certain percentage of their receipts. This would seem more equitable than the present system of taxation, which compels a company doing a small business to pay the same as one doing ten times as much.—*Texas Insurance Commissioner*.

#### SIFTINGS.

Complaints are now frequently made that there is difficulty in collecting policies in Lloyd's.

The stockholders of the Union Insurance Co. of Philadelphia have voted to increase the capital to \$500,000.

Hon. Mark Howard, President of the National Fire Insurance Co. of Hartford, died on the 24th ult., aged 70. Mr. Howard was born in England, but came to this

country in his boyhood days. In 1857 he became President of the Merchants Insurance Co. of Hartford. When that company was disincorporated, the National Fire Insurance Co. was organized with Mr Howard as President, the position that he occupied until death. The deceased was prominently identified with the insurance interests of Hartford.

The General Treasurer and Manager of the Benefit Insurance Association, K. of L. of A., in a circular dated November 20, 1886, informs the members that "the last heavy assessment having somewhat depleted the membership of the association by so many failing to pay the same within the proper limit, there not being more than 2,200 liable to this assessment, has rendered it necessary to issue an assessment earlier than anticipated. There now being twelve claims for benefits waiting liquidation, "he will be compelled to make frequent assessments until those claims are paid."

A bill has been introduced in the Wisconsin Legislature which, if passed, will practically nullify the valued-policy law. The bill provides for a rebuttal, by testimony, of the presumption that the amount of the insurance is the true value in cases of total loss.

A bill has been introduced in the Illinois Legislature, by a member of the labor party, making it unlawful for an insurance company to write or pay more than four times the assessed value of any property. All exempt property must be valued by assessors, for insurance purposes.

Valued-policy bills are before the Illinois, Nebraska and Indiana Legislatures.

The Equitable Life's new building in New York will be ready for occupancy in May. The building is fire-proof and is elaborately constructed.

The Alabama and the Citizens, of Mobile, have made an assignment.

An anti-compact bill is before the Texas and Kansas Legislatures. Next.

The Mutual Fire Insurance Co., of New York, is seeking legislation to enable it to become a stock company with \$200,000 capital.

## LOCAL MISCELLANY.

### Complimentary, Considering the Source.

The COAST REVIEW is utterly unworthy of notice, and if the Mutual Benefit Life Association had known the concern as well as we do, it would not have taken the trouble to prepare the above letter. There is nothing to worry about in anything that mendacious sheet may say.—*Our (assessment) Society Journal.*

### Union Mutual Life.

The annual statement of the Union Mutual Life Insurance Company shows a gain in every department of its business—in assets, surplus, premium income, new policies issued, number of policies, and amount of insurance in force. Though the market value of securities generally has fallen off the past few months, yet as an evidence of the careful selection of the same the statement of the company exhibits the handsome gain of \$28,388.93 in the market value of its investments over that of a year ago. The mortality record for the past year is remarkably favorable, as the actual losses of the company have been about \$90,000 less than the table rates of probable losses.

### A Denver Co-operative Swindle.

The Great Western Mutual Aid Association, of Denver, has been repeatedly denounced in these columns as a swindle. It is a swindle because it sells what it does not deliver nor expects to deliver. It sells a man a policy, accident or life, for a specified sum, when the officers know that if the policy matures by death they cannot raise the money by the single assessment to which they are limited. Last April a member of the association holding an accident policy for \$4,000 and a life policy for \$3,000, suffered death from an accident, and his beneficiaries are still unable to collect either claim. They have been tendered \$1,091.75 in full settlement of the two claims aggregating \$7,000, and if wise will accept the offer and be thankful that they have got anything. The officers inform them that the assessment on the \$3,000 life policy yielded \$675.75, and on the \$4,000 accident policy, \$416. This Denver fraud still transacts

business in California, although we believe it now has no agent in San Francisco.

### Prindle.

A horse-thief, a murderer and Harry Prindle attempted to escape from the Portland jail one day last month. They had sawed their way nearly out when detected. Our informant adds that Prindle can crawl through a very small hole, but the Portland jailers were too smart for him. Most of our readers will recollect that Harry is a bad egg, a legitimate son of the Old Harry. He is an old life insurance offender, and when arrested a few months ago at Antioch, in this State, he was soliciting for the Mutual Reserve Fund Life Association of New York.

### Union Mutual Life Appointments.

The Western Department of the Union Mutual Life Insurance Co. of Portland, Maine, has been sub-divided and managers appointed, as follows:

Central California, Charles F. Cook, San Francisco; Northern California and Nevada, A. W. Young, Sacramento; Southern California, W. S. Fowler, Los Angeles; New Mexico and Arizona, C. D. Anderson, Albuquerque; Colorado, Oliver W. Malloy, South Pueblo; Texas, Frank Wheat, Dallas; Oregon, C. W. Bennett, Portland; Montana, W. C. Shippen, Butte City; British Columbia, Alex. McPherson, Victoria; Washington Territory, John S. McMillen, Tacoma. W. F. Mason is the Superintendent of the Western Department, with headquarters at Denver, Colorado.

### Northwestern Mutual Life.

The Northwestern Mutual Life Insurance Company, of Milwaukee, reports considerable gains in every department. The assets are now \$26,669,878, a gain of \$4,141,908, or nearly 20 per cent. The surplus, on a 4-per cent. basis, is now \$4,423,181, a gain of over \$900,000. New policies issued aggregated 11,358, as against 8,667 for the previous year. The new insurance (\$28,082,620) increased nearly six millions, and the premiums on same rose from \$989,166 to \$1,169,727. The losses were less, notwithstanding the large increase in business. The whole number of policies in force January 1, 1887, was 56,544, amounting to \$127,629,903, an increase, for the year, of 6,444 policies and \$16,919,042 insurance. The total premium income for

1886 was \$4,416,488, a very large gain of \$631,443.

#### Without Parallel.

The total destruction of the schooner *Parallel*, by the explosion of its cargo of giant powder, at the foot of the Cliff House on the ocean beach last month, is entitled to a passing word from us. The vessel sailed on the 13th from San Francisco harbor, was beaten back by adverse winds, and on the night of the 15th, after its desertion by the crew, was driven on the Cliff House rocks, where it bumped about, with its cargo of forty tons of giant powder, for two or three hours. When the explosion took place, all the spectators had gone. In the twinkling of an eye the schooner was literally blown to kindling wood. The loss was total, indeed.

#### Chips.

—Our new cover is admired.

—The *Argus* of Chicago comes to us with a new make-up and a new cover.

—J. C. Ragsdale, special with Smith & Moody, has gone East on private business.

—Special Agent R. Kilgour of Sacramento, is spending a few weeks in Southern California.

—Jabez Howes has resigned the general agency of the Union Mutual Life Ins. Co. in this city, and is succeeded by Charles F. Cook.

—Since the COAST REVIEW subscription price was advanced from \$2.50 to \$3.00 per year, the amount of reading matter has advanced in proportion.

—We print eight extra pages this month, besides eight inserts and a three-page supplement—making over 100 pages, including the cover.

—During 1886 the Magdeburg, Michigan, Southern and Sun Fire were admitted to California. The Farragut, German (Pittsburg), Mechanics, Northwestern National, New Orleans Insurance Association, Allemannia, Boatman's and People's withdrew. The New Hampshire, Oregon and Teutonia discontinued writing in the State, and the South British and National will withdraw.

—Owing to the delay in preparing numerous tables, we are two days late this month.

—Extra copies of this issue await the first comers "bearing gifts."

—General Agent Gray has handed us the Washington Life's almanac for 1887, a handsome little publication containing accounts and pictures of the famous temples of India.

—A. P. Sinclare, surveyor for the Pacific Insurance Union, has resigned his position and accepted an appointment with the Pacific Coast agency of the Home and Phoenix companies.

—This number of the COAST REVIEW is one of the largest and most complete ever printed. It abounds in local statistical, legislative and miscellaneous information, of interest and value to every wide awake insurance man on the Coast, and to every company represented in this field. Price 25 cents per copy to subscribers, and 50 cents per copy to every non-subscriber, "and don't you forget it."

—Insurance Commissioner Wadsworth has issued his preliminary report, showing the business transacted in California during the year 1886 by all classes of companies; also, the withdrawal of companies and those admitted during the year. The general report will be issued in May. Commissioner Wadsworth and Deputy Rhorer are thanked for favors extended to the REVIEW in making up our marine statistics.

—In this issue of the COAST REVIEW we present an extraordinary quantity of statistics. There are four large tables, and several smaller ones. First in the list is the table of Pacific Coast fire insurance business for 1886, which the reader will find in the shape of a supplement between the cover and the first page. Then there is a table of the life business in California for the past five years; a table of the accident, fidelity, plate-glass and steam-boiler business last year, and a table of the Coast marine business, with a supplementary table, in the marine review, of the business for several years. The local companies generally are reviewed, and the progress made is shown at a glance.

—The Fargo Fire Insurance Company of Fargo, Dakota, has failed. The COAST REVIEW was the first to warn the public against this Dakota wildcat.

—The steamboiler insurance companies represented in San Francisco increased their business somewhat. They report \$5,087 premiums on new business and \$240 in losses.

—Senator Goucher has introduced an anti-compact bill similar to the Clunie bill, with an additional clause prohibiting non-resident companies from beginning suits in, or transferring suits to, the Federal courts.

—Clarence M. Smith, General Agent for Central and Northern California of the Northwestern Mutual Life Insurance Co., is prepared to make liberal terms with active and reliable solicitors as local or district agents. The Northwestern is one of the best.

—J. M. O. Menard, of the General Agency firm of Lofland & Menard, Galveston, Texas, has been visiting San Francisco during the past few weeks. Mr. Menard's firm are general agents for Texas and Louisiana of the Anglo-Nevada Assurance Corporation, of this city, and the Transatlantic Fire, of Hamburg. They also represent a number of leading foreign and American companies as local agents for Galveston.

—Messrs. Bromwell, Boardman, Haven, Dornin, Spencer, Gutte, Butler, Potter, Stillman, Nichols, Miles and Assemblyman Mann, insurance men, and W. W. Foote, attorney, have been looking after legislative matters during the present session. These gentlemen have appeared before the several committees and presented arguments against the numerous objectionable measures which now threaten the destruction of the business of underwriting in this State. Up to the present writing, however, it appears that arguments before some of the committees have accomplished but little. Oral arguments against some of the most objectionable bills are not of any value, so far as the active advocates of those measures are concerned, nor will statistical evidence have any weight with that class of legislators.

—A. F. Johns, of Astoria, was among the callers at the REVIEW office last month.

—W. F. Mason, of Denver, Superintendent of the Western Department of the Union Mutual Life Ins. Co., visited San Francisco last month.

—We have received the report of the Massachusetts Insurance Commissioner on the resolution to revise and codify the insurance laws of the commonwealth.

—Messrs. Norse, Whaley & Co., of San Diego, have gone out of the insurance business. Aaron Frost of San Diego, formerly of Deming, N. M., has also forsaken the business.

—The Fire Patrol report for 1886, places the insurance losses in San Francisco at \$1,150,526. The COAST REVIEW's figures, given last month, were \$1,145,740. Score another point for our monthly loss reports.

—General Agent Howell sends us the *Ingleside Almanac*, issued by the United States Life Insurance Company. The selections are good, and the illustrations are better; but the combination dashes are very ugly and the type indicates age.

—J. R. Middlemiss, a well known life solicitor, defaulter and scamp-at-large, is representing the Bankers and Merchants Mutual Life Association in Solano County in this State. It seems that when any life agent or solicitor has forfeited all good reputation, he is received in the assessment camp with welcome arms. All the scamps take to co-operative insurance as naturally and successfully as a duck to water.

—General Logan had no life insurance, having allowed his policies to lapse. Our contemporaries are drawing the usual moral, which seems to be ill-drawn in this instance, for we read of a large fund being contributed to the widow by the admirers of the dead General. However, \$10,000 or \$20,000 or more, from life policies, would not be unwelcome to Mrs. Logan. It is a fact that General Logan, like too many men in public and private life, was sadly remiss in his duty in respect to life insurance; and if his family escapes the hardships of penury, it will not be owing to his providence.

—A. E. Moody, Secretary of the San Jose branch of the Home Mutual Ins. Co., was in town last month.

—Henry T. Fennel has been employed by the Commercial Ins. Co. of California, to act as special of said company.

—One three-hundredths of an inch of rain fell in San Diego the other night. On the following day the people asked for a reduction in insurance rates.

—Frith & Zollars have bought out the general agency of J. M. Berkey & Co., at Denver. Mr. Frith has heretofore managed the agency. Several first-class companies are represented.

—The New York Life Insurance Company's Almanac is handsome and original. The selections are good, and there are numerous photo-engravings. The frontispiece is a little gem.

—The plate-glass business in California is not very large, but the two companies both increased their new business. The premiums on new business were \$2,273 and the losses \$951.

—Cashier F. R. Berg, with Gutte & Frank's General Agency, was, as heretofore, the first to place the results of the year's work in the hands of the Commissioner and the COAST REVIEW, which was done on the afternoon of the 31st of December.

—The cost of the San Francisco Fire Department for the year ending June 30, 1886, was \$307,574.79. The force for active duty is 318 men of all grades, of whom 243 are "members at call," on half pay. At the date of the report the apparatus of the Department consisted of fifteen steam fire engines, eight hose carts, and four trucks.

—Conrad & Maxwell, managers of the San Francisco branch of the Oakland Home and the Traders and city agents of the Imperial, on account of their rapidly-increasing business will make room for one or two more companies in their agency. The December and January business was of a magnitude to justify the prediction that, at the close of 1887, the agency will rank among the largest, in city business, in San Francisco.

—W. E. Griffin has been appointed agent at Eureka, Nevada, for the long list of companies for many years represented by A. A. Andre, who has resigned to engage in other business in Carson City.

## ACTIVE LOCAL AGENTS.

Wanted (throughout the Pacific Coast) to represent the Accident Department of the Pacific Surety Company of California.

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Experienced, Successful Life Insurance Men wanted to sell Installment Bonds of the National Life Ins. Co. of Montpelier, Vt., in San Francisco and every city and town of importance in California and Oregon. Address me at Los Angeles National Bank, Los Angeles, California. Circulars explanatory of the plan will be sent on application for them.

S. A. MATTISON,  
*General Agent for*  
*California and Oregon.*

"He that Bloweth not His own Horn,  
His Horn shall not be Blown."

CHICAGO, ILL., Dec. 23, 1886.

The COAST REVIEW is an excellent magazine that well earns the subscription price.

THOS. S. CHARD.

NEWARK, N. J., Dec. 27, 1886.

The COAST REVIEW is a very welcome visitor, and is carefully read each month.

P. L. HOADLEY,  
Sec'y American Ins. Co.

MERCED, CAL., Jan. 21, 1887.

You will please send John G. Elliot, County Recorder, the COAST REVIEW. Upon the perusal of the January number, which you sent me, he feels as though he couldn't be without it again.

RUDOLPH LOSSINS,  
Special Ag't N. E. Mutual Life Ins. Co.

# CATALOGUE

OF

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# THE COAST REVIEW

A MONTHLY JOURNAL

DEVOTED TO

FIRE, MARINE, LIFE AND ACCIDENT INSURANCE.

J. G. EDWARDS, PROPRIETOR,

320 Sansome St. (Room 13), San Francisco, Cal.

VOL. 22.

MARCH, 1887.

No. 3.

## Eleventh Annual Meeting of the Fire Underwriters' Association of the Pacific.

The eleventh annual meeting of the Fire Underwriters' Association of the Pacific was held in the rooms of the Pacific Insurance Union, in this city, on February 15th and 16th. President Z. P. Clark occupied the chair. The attendance was good, and the general interest in the proceedings was evidenced by spirited discussions—of one paper, at least. The officers elected for the ensuing year are as follows: President, J. W. Staples; Vice-President, W. L. Chalmers; Secretary, Bernard Faymonville; Executive Committee, H. K. Belden, Geo. F. Ashton and Calvert Meade.

A number of papers on various topics were read, and will be printed in the COAST REVIEW, this month and next month, in their regular order. President Clark in his address dwelt upon hostile legislation, a subject of seasonable interest. His remedy—that underwriters shall follow the example of railroad and other corporations and go into politics—may be more practicable and cheaper than it looks at first thought. It may be cheaper to make a political boss than to buy one. A specially interesting

part of the address treats of combined and individual experiences.

Mr. Mullins' practical paper on Local Agents was ably supplemented by extemporaneous remarks. The admission that the local agent is almost the only means a company has for avoiding risks of a bad moral hazard is a fact that should be steadily impressed upon the local's mind, together with the equally important fact that his company necessarily relies upon him to prevent over-insurance. The relations of the special agents and the local are also discussed by Mr. Mullins.

Mr. Wetzlar read a paper entitled "Does It Pay?" in which he puts a series of questions, and takes the ground that it does not pay to prepare and present figures bearing on the cost and profits of underwriting to a jury of legislators whose verdict is always decided upon before they take their seats. The jury want figures, as Mr. Wetzlar says, but they want them served on yellow coin. He recommends that, instead of fighting valued policy bills, the companies employ builders to estimate the value of risks when they are accepted, instead of after they are burned. This might be practicable, and if the builder's charge was added to the premium, and not included in it, public senti-

ment would eventually be strong enough to repeal and prevent all valued policy legislation.

Mr. Faymonville's paper on the New York standard form of policy points out several clauses which must be modified or eliminated before it could be adopted on this Coast, and two or three other clauses are shown to be defective in themselves, without regard to locality. The substitution of useful for ornamental pictures on policies is humorously recommended, as of a penitentiary for a spouting volcano, or a gallows' frame instead of a meretricious-looking goddess—warnings to the incendiary-minded.

Mr. Hook, of Red Bluff, wrote a paper "From a Local's Standpoint." He precedes his contribution with warm praise of managers and specials, which, as much from consideration of the modesty of the praised gentlemen as from want of space, we omit from the paper as printed elsewhere. Mr. H. says he knows that an adjuster can make or break the business of the best company in his field; and yet he thinks that no local agent should ever adjust a loss. He adds a hope that the compact will survive, and dreads any return of the "old order of things." Mr. Hook and his fellow locals should make their influence felt in the political primaries and in their home press, to prevent anti-compact legislation.

Mr. Chalmers' paper on "Losses and Adjustments" is, as usual, readable and valuable. He shows that the assured are not always the culprits—that the companies, in their immoderate greed for business, accept bad risks and condone exorbitant claims. Other avoidable causes of loss, which he discusses, are incompetent adjusters, the permission of other insurance without limit, the employment of improper appraisers, the careless wording of policies by green locals, and the hasty settlement of losses.

Mr. Lowden's paper on Losses and Adjustments gave special attention to young adjusters and to bookkeeping. It is an elaborate paper, and treats of a branch of the subject not usually discussed at any length. Special approval was expressed by the auditors.

Editor Grant's *Knapsack* contains a liberal supply of good things—scintillations (the editor calls them) of the "fixed stars" of the profession. The *Knapsack* is better than usual, and not the least interesting portions of its contents are from the pen of the editor of that spicy little annual. We print a few of the articles this month.

Ancient and Modern Policy Forms are discussed by Mr. Gunnison in a paper which covers the ground compactly. A *fac-simile* copy of the form of 1794 is given, the whole requiring no more type than one of the larger clauses in a modern policy. Mr. G. does not believe that the people of to-day are therefore less honest than their ancestors, but that there is more confidence in courts and less trust in personal honor. It seems to us this is another way of saying the present generation is not so honest as former generations. If we have less trust in personal honor than our fathers had there must be less ground for such trust.

Mr. Edwards hit upon the happy idea of culling a few of the good thoughts of others who had written on Legislation and Taxation, and thus, without belaboring his own brains about a very "shop-worn" topic, he prepared a good paper which may be conveniently referred to by anyone who wishes to prepare a strictly original paper.

Our Penitent Brother was discussed by Mr. Lee—that sounds strange—of Red Bluff. Of course the Brother was pretty thoroughly exhausted when Bruce got through with his sermon. The paper is a very readable one; but the reader can guess its character better than we can suggest it by any quotation. Mr. Ferry replies to the Penitent Brother.

Fire Department and Water Supply was the title of the paper which Mr. Gurrey was selected to prepare, but what fire department and whose water supply was very thoughtfully left to the discretion or preference of the essayist. Mr. Gurrey gives us a brief and interesting account of the earliest efforts at fire protection in various countries.

In his paper on the Good and the Bad in the Business, Mr. Fenn has something to say about the compact, unfriendly legisla-

tion, juries, courts, etc. He argues the importance of uniform policy.

Mr. McLellan of Los Angeles sent a paper on The Local Agents' Association, in which he reviews the relations of that organization with the Pacific Insurance Union. He sums up the said "relations" as those of the corpse to the coroner, since the lesser association was "sat upon" by the larger one. Referring to the compact he says that the less it is known to the assured the less will be the hostility to it. Every time the attention of the property-owner is called to the compact, by an endorsement on his policy, or otherwise, his hostility is stimulated anew.

The annual banquet in the evening of the 16th was attended by forty or fifty members of the association, including guests. A jolly good time was had, of course, but as the COAST REVIEW representative had other engagements, we are unable to give any report of the *menu*, toasts, speeches, songs, etc. The principal after-dinner speech was that of John Scott Wilson, in reply to "The Collegians in the Profession." We are told that it was an eloquent effort.

And thus ended another of the annual meetings which do so much to advance underwriting interests in this field, and serve to unite the members in the bonds of a true fraternity.

### President Clark's Annual Address.

DELIVERED AT THE ELEVENTH ANNUAL MEETING OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE PACIFIC, FEBRUARY 15, 1887.

The year 1886, with all its anxieties, its hopes and its disappointments, has come to an end. For the blessings it has brought us we are duly thankful; above all, we are grateful that no vacancies have occurred in our ranks through the hand of death. One or two have voluntarily fallen by the wayside—drifted into other and less vexatious professions. To them we bid God-speed on their new ways. The ashes of the year's burnings have wafted away on the wings of the wind; the clouds of smoke which dim-

med the pages of our profit account have disappeared, and with resignations, variously emphasized, we settle our galled fronts, sides and rears back into the harness to continue the struggle.

### The Legislature.

The year 1887, with all its burden of hidden mysteries and unsolved problems, is with us. Added to the legitimate causes for anxiety is the State Legislature, which is now considering a measure more despotic in its features than the most arbitrary ukase ever promulgated by Russian Czar; a measure making the existence of insurance boards felonious and this association of questionable legal status. And for what reason? Pelf! A few men who live by bribery and corruption, professional politicians—that name, a stench in the nostrils of decency, the "Third House"—have again gathered their greasy carcasses from the gutters of San Francisco, and from the saloons, dance-houses and slums of other localities, to renew the cry of "cinch 'em" at the capital of this fair land of the sunset.

These horse leeches have again fastened their slimy tentacles upon our individual and collective bodies, and their rambling stomachs, that have for twenty-four long months been strangers to aught but the bread of charity, *demand* sustenance of us by threatening legislation as deadly and many-barreled as a Gatling gun. In the wisdom of their necessities they haunt the resorts of our Representatives, with their hands behind their backs, palm up, and price printed thereon. This stand-and-deliver policy, if pursued upon the highway, would lead to apprehension and incarceration. On the plea that "necessity knows no law," these law-makers—these *necessaries* to a "rump" government—ply their traffic and enjoy their freedom.

The communities who send their representatives to Sacramento do not commission them to bar the way of legitimate pursuits, or clog the wheels of commerce; they sent them for the good of the State—for wise legislation. But the *professionals* are of a different school—their ends being purely personal. To keep their bloated cadavers from shriveling in the heat of that

land where insurance against fire is unknown, they expect insurance corporations, railroad corporations and capital to stuff their hungry maws and keep their inner membranes from beating the devil's tattoo upon their backbones—to prolong their worthless lives for more injuries.

#### Responsibility for Cinch Bills.

For this our principals are, in a measure, responsible. Had they, years ago, when called upon for money to defeat vicious legislation, simply said, as the Lord said to Adam when he fired him out of Eden, "go work for your living," this demand would not have become perennial. In the dignity of our indifference, we should have found strength. The bleeding gaps then made in our coin sacks would not now continue to bleed; and instead of trembling like aspens at every breath from the rummy mouths of these Solons, we should listen with wrapt pleasure to their scintillating wit, their well-rounded periods(?), their sublime flights of oratory. To you, managers and officers of companies, I say, pay them your ransoms; and when they have concluded their raids, and returned to their gutters and their slums, count up the cost, charge it to expense account, revise your ratings to cover it, and let the good people pay for the folly of their legislators.

You, specials and adjusters, ask what interest you may have in all this. Only this: you are the men who meet with the people; you practically settle the fire losses on this Coast. Disbursements to claimants are governed by your advice. To you I say, do not let your resentment of the indignities to which a few men submit our profession incense you to such a degree that you cannot honestly and fairly deal with all cases placed in your hands.

Insurance companies are not individuals. They are composed of thousands of individuals, distributed through all the spheres of life. The capitalist, the laborer, the widow, the orphan, all have investments in our ventures, and depend upon our judgment and skill to bring to them the ordinary returns their money should earn. If we

fail them, our places are filled, or our shareholders "wind up" and retire.

#### Remedies for Hostile Legislation.

It is an axiom of the business that a premium commensurate with the hazard must be realized to enable companies to live. If the measures before the present Legislature prevail, and rates shrink to non-paying bases, you, gentlemen adjusters, will find a field for the display of your tactics, for the exercise of your peculiar qualifications. You will remember how we used to wonder why the loss ratios of the old so-called "non-boarders" varied so little from that of companies obtaining the "board rates." Some said it was because the "board companies" were disloyal; others had other reasons, but the solution was made by a good man, a bank president, now gathered to his fathers, who said, "A company must be paid for carrying its risks; if the rate is not sufficient, the loss must be reduced in proportion." I go further and say, if the panic is forced upon us, swear a new fealty to the "first law of nature," and let each loss be reduced in the same average proportion that our rates are reduced. You can here interpose your saving arms. Expense ratios must not be increased, as they surely would be by a decreased income. To prevent this, we should close the doors of our Fire Patrol houses, dismiss the officers of our Inspection Bureau, and let the Fire Marshal seek his pay from the municipal treasury. Individual companies could hire the use of patrol covers, and of the pump for particular cases, and by denying their use to the general public, compel that public to restore the lines they took away from us when the Patrol was established, and which has served the public more advantageously than the companies.

#### Let Us Be Political Bosses.

To our venerable Presidents and managers I suggest we go still further—that we adopt the policy of the railroad corporations, and spend the money now extorted from us in placing our own men in the Legislature, if any could be found to accept. Our companies represent hundreds of millions in assets, and about five millions in annual income in this State, surely

figures of sufficient size to attract the respect of the public, as they do the cupidity of a few mendicants. We could save enough, by relieving ourselves of taxation and repealing the law establishing the State Insurance Department, to pay the expenses of a campaign. Relegate the insurance business to the same laws that govern banking and commerce and leave the fates of companies to the "survival of the fittest," and the experiences of the insured to his own good luck or his bad luck.

After our creatures in the legislative chambers shall have "fixed" our affairs, let them turn loose on the "Grangers' Business Associations," "Stevedores and Riggers," "Knights of Labor" and Newsboys. Make them dissolve their associations, or go to jail; make servant girls' unions a "fellow-ny;" make it unlawful for them to agree with the butcher, the baker, the candlestick maker as to what your bills shall be at the end of the month. This done, the millenium is with us.

#### Legitimate Hazards.

We now turn to the legitimate hazards of the profession. I think it was Jim Keene who said, when asked how to buy stocks, "Buy 'em low and sell 'em high." These words have made Keene's name immortal. I seek immortality in words of a similar import. Sell your policies high and buy 'em in low. Get risks at good rates. All risks are good; all inadequate rates are bad. The elements which dictate an adequate rate are varied, and not fully known. Some few more enterprising, more favored underwriters, are possessed of experience statistics of a score or more leading companies extending over a period of many years, showing the average cost of 300 or more classes of risks in the United States. These tables deal only with amounts written and amounts paid out, and furnish the cold-blooded cost of each.

#### Combined Experience.

This is valuable as a matter of general information, but fails of importance in the government of the affairs of particular companies in particular fields. While combined experience shows the cost of quartz mills to be 3 per cent. and the cost of sugar mills 2½

per cent., it would be no guide to the hazard of a quartz mill in the balize of the Mississippi or a sugar mill in the mountains of Nevada. While they serve as general guides or indicate points of rest, bad judgment in selection or irregularity of limits may upset results. For instance:

"A" writes \$100,000 on woodworkers in 50 policies of \$2,000 each, premium \$10,000; two burn, costing "A" 40 per cent.; profit, \$6,000. "B" writes same amount on same risks in 50 policies of \$1,000 to \$5,000 each, premium \$10,000. On the two which burned, "B" had \$10,000; profit, nil. "C" writes same amounts on same risks as "B," but happens to have but \$2,000 on the two which burned; profit, \$8,000. With the same total at risk on the same risks, and with the same compensation, some lose while others make.

While the combined experience of the three shows the cost of the hazard to be but 5½ per cent., the companies obtain 10 per cent.; but of what value has this knowledge been to "B?" Had it been a short day with him when he wrote the policies, he might have lost 200 per cent. We must seek our profit through a thorough knowledge of the industries, the prosperity, and the prospects of each specific field. Local influences, such as too much rain, too little rain, too much frame range, and a desire for more brick, regulate the cost of insurance in that locality more positively than the combined experience of all the companies of the United States. This knowledge of the material and moral composition of each field is obtained through you special agents. When you have carefully, thoughtfully, honestly furnished your chiefs with your surveys they can from them dissect the town and measure its capacity for profit, and estimate the hazard more accurately than "combined experience" can possibly enable them to do.

To measurably overcome the disarrangement of ratios through irregular limits, each company should adopt its maximum limits, and never exceed them, and these limits should be measured by some system having 1 for its base. If it adopts \$5,000 as its limit on a 1 per cent. hazard, \$1,000 should be its limit on a 5 per cent. hazard; as the hazard decreases, increase the maximum in like proportion. Possessed of this knowledge, through which adequate rates are

made and working from a system of maximum limits, it would seem that insurance companies should prosper, and that the public should get its insurance at minimum rates.

#### Future of the Coast.

The future of the Coast is bright. The increase in population is healthful, the growth of values is decided, and the character of buildings daily improving. The completion of the Panama Canal (which is a future fact) will give us European imports by sea nearly as quickly as they can be laid down in New York at the same if not a less cost than to New York dealers. Ships being assured of return cargoes from our wheat warehouses, will be able to reduce charters both ways. The shortening of time between this port and the United Kingdom will bring our market almost if not quite up to quotations, and prove of immense profit to producers. With this general expansion our business will expand, with this growth we shall grow.

#### Retrospective.

Retrospection reveals vast changes in the methods of our profession, since twenty-two years ago, when I assumed the dignities of local agent at Nashville, Tenn. Coming from the field of Mars, green in years and callow of mind, but grim of cheek and hard of brawn, I entered upon the tempestuous sea of underwriting without a tariff for compass or experience for a rudder. I made my rates and wrote my policies by the same rule that governed the old Wisconsin pioneer in making his sapling sled—"by guess and by gosh!"

Within the limits of the scenes of battle, surrounded by the extraordinary hazards following in the wake of civil war, the business was one of great uncertainty as to results, and the visits of specials were looked forward to with intense longing. Among those who visited us in those fiery days was the successful, brilliant Bromwell, always breezy, always welcome. Bromwell was a handsome young fellow then, and caused many a heart within the bosoms of the fair belles of middle Tennessee to beat faster under the influence of his sunny nature and sparkling wit. What he didn't

know about underwriting then would fill a large volume — what he *thought* he knew, a *larger*. I remember an argument he once had with a claimant at what was then known as the "half-way house" between middle and north Nashville, in which he was badly worsted. The discussion was on the proper depreciation chargeable against a counterfeit \$20 greenback. Not being a question for arbitration, the adjuster had the alternative of allowing a total loss or getting a thumping. My memory says he not only paid in full, but got "fired" down the front stairs. The claimant was of that unfeeling class, the last and best creation, whom I advise you young specials to avoid.

#### Local Agents.

A PAPER BY C. F. MULLINS, READ AT THE ELEVENTH ANNUAL MEETING OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE PACIFIC, FEBRUARY 15, 1887.

The subject has been such a battle ground for discussion and text for essays that it is very threadbare, and hard to write about with any degree of satisfaction. I thought of looking at the papers that have been read before your Association on the same or similar subjects, but abandoned the idea, feeling satisfied that I should find nothing left for me to say, and although I shall be compelled to reiterate truisms, and repeat self-evident facts, it is perhaps best I should state them in my own way, which is the only chance I have left me for avoiding involuntary plagiarism.

The remarks I may have to make, being commonplace, will be better without any attempt at the rhetorical art so often misplaced both in the present and the past, and so effectively rebuked by Canon Farrar, D. D., who, in speaking of authors and orators in the times of Seneca, says:

"This age of oratorical masters was emphatically the age of decadence and decay. There is a hollow ring about it, a falsetto tone in its voice, a fatiguing literary grimace in the manner of its authors. Even its writers of genius were injured and corrupted by the prevailing mode. They can say nothing simply; they are always in contortions; their very indignation and bitterness of heart, genuine as it is, assumes a theatrical form of expression. They abound in unrealities; their whole

manner is defaced with would-be cleverness, figures and tricks of speech, straining after originality and profundity, when they are merely repeating very commonplace remarks."

Now that I have burned the bridge of rhetoric and precedent behind me, let us consider, in a matter-of-fact sort of way,

#### What a Local Agent Is, or Ought To Be.

At the outset, I wish to express the firm conviction that, as a class, the local agents of this Coast compare most favorably with any other class in the business community, which, in the nature of things, is readily accounted for because of their being a selected class of men, for a specific purpose, requiring at least a full average of intelligence and integrity.

It has sometimes been said that the local agent is the foundation of insurance. It would however appear that capital and the need of indemnity from loss form the foundation. The local agent holds a place of honor, and is a most vital factor in the insurance world. Each and every one of them are foundation stones of greater or less importance in the successful conduct of our business, and each defective foundation-stone imperils more or less the superstructure we are engaged in building for the profit of our respective companies. The local agent is the main support of a company for premium income. He is almost the sole source a company has for avoiding risks of a bad moral hazard. To a most important extent must we rely on him to avoid granting overinsurance. His assistance is required to aid in securing proper fire extinguishing apparatus and water supply. He is expected to a certain extent, to keep watch upon the risks he may have sent his companies, that they may not retrograde morally or materially while on the company's books. He has to be the adviser (representing insurance capital) of his fellow townsmen as to the best method of constructing their buildings, having regard to the practical opportunities they may be surrounded with. These remarks apply more or less to all local agents, but especially those in the more important cities and towns. In the smaller towns, only part of these requirements are needed, and

a good agent need only hold the respect and confidence of the community where he resides, with the intelligence to carry out the instructions of his company, industry and perseverance in soliciting business from his acquaintances, and brains enough to know that he does not know more about insurance than the company he represents.

#### What Some Agents Are.

To be brief, some local agents are devoid of every requirement to make success, their sole merit being underhand champions for getting premiums. When all things are equal, as to rates, no rebating allowed, these men sooner or later find their level, and drop behind, both in business for their companies, and income to themselves, and as drowning men will catch at straws, so will these men resort to trickery, rebating, etc., for business. Now while these men are few in number, their appointment and continuance are the beginning and end of the difficulties met by insurance companies in the conduct of their country business, for these few agents, who are exactly what they ought not to be, poison the entire agency system of the country.

#### Remuneration.

A paper on Local Agents can hardly avoid touching on the subject of remuneration. Direct and contingent commissions have of late been discussed very thoroughly by their respective friends, and I am of opinion that companies cannot afford to pay more for business than they are now doing, without increasing rates, and that the public will not stand. Higher rates of commission will not benefit agents; it merely serves as a stimulus to increase the number of agents, and lessen the premium income of each agency, and consequently the personal income of each agent. It also serves to give some agents a margin for rebate, still further to the prejudice of good agents. I think, as a whole, agents are as fairly paid for the business done as other classes, and as a whole they are satisfied.

The principal trouble under this head comes from the agent who starts out on the basis that the business owes him a living. This would be a proper assertion, if the obtainable insurance in the community justi-

fied such agent giving the whole of his time to the business, and my experience, extended over the entire United States, shows that competent agents, under such circumstances, do get a living, and in many cases an exceedingly good one. But that insurance owes a man a living in a small country town, where business is limited and competition great, cannot be considered for a moment; it must be used in connection with other industry.

#### The Special Agent.

Perhaps I am expected to confine myself to the local agent, but I shall take the liberty of going a little further, by considering the special agent, as far as relating to the influence he has on the local agent, which should be great. The special agent selects the local, and educates him to a great extent. I have likened the local to the foundation stone; the same line of reasoning leads me to look upon the special as the builder. Now a superstructure of any strength or permanence cannot be built where the foundation stones are of bad quality, badly shaped, or cemented together imperfectly. First, then, the special must be careful in selecting the right kind of material, and then so shaping it that he is sure he has not made a weak spot in the structure he is building. The special has, to a greater or less extent, (according to the wisdom of the head office) more or less pressure for retaining, if not increasing, present connection. I have stumped the field undersame conditions, and have visited town after town, discouraged at my inability to secure proper agents where we were not represented. I could at any one of the places have insisted on making appointments in the hands of agents who had all the companies they wanted, or inferior men who would take anything on their own terms; but I knew neither the company nor myself would finally profit under such conditions, so if I could not find the right material, I passed on rather than damage good work I had done by reducing the average quality. By leaving the company in the hands of a good agent who did not want your company, either your business must be too small to pay, or you must accept the

inferior risks that other companies do not want, or in the absence of agreement pay higher commission than the business warrants, all tending to produce poor results. On the other hand, leave it in the hands of an inferior man, and you may rely upon it the general average of the business received from him will not be superior to the source supplying it, viz: himself. I may perhaps claim some degree of success in the insurance business, and a very large part of it I attribute to a rigid non-intercourse with a class of agents of indifferent business character and ability, who will do nothing except their own way.

The special agents who will in the long run come to the front, are those who will never appoint a man unless of good character in his community, who has other business enabling him to gain a livelihood outside insurance, unless the field and opportunities for insurance are large enough to support him. I know it is discouraging to withdraw from an agency, but the time and money spent on agencies that do not and cannot be made to pay, if expended in other directions, where you possess the right material, will much more than counterbalance the loss. Mind, I do not discourage small agencies, if so located as to be conducted on a paying basis, and you have the right material for an agent. What I wish to impress on you is the fact that it is not necessary or desirable to be represented anywhere, unless we can get the right man, and that does not mean a man having merely a glib tongue and a controller of premiums at the expense of moral hazards, overinsurance, etc.

#### Head Offices.

A word or two as to head offices. As the agent is one of the foundation stones, the special agent the builder, so in due course we come to the architect and supervisor of the whole, who is one or more of the officers, be he President, Secretary, general agent, manager, or what not. The plans and specifications are theirs. If they employ ignorant or vicious builders, who select bad material, they will pay for it in the end. Since 1860, there have been 592 companies, representing over \$81,000,000 of capital in

the United States, retired from business. Well, nearly 200 went out with the Boston and Chicago fires; some were bogus, but fully half of them went out of existence because the superstructure fell about their ears on account of bad material in the foundation stones.

As an illustration of what I mean, I may say that any one of you knowing that Mr. ——— had represented the ——— conservative company for five years, would freely give him your agency, if he wanted it, and you were not already well represented, because you know the architect and builder of that company select good material. On the other hand, you know that the fact of an agent being the favored agent of ——— company would be an absolute bar to his appointment for your company.

This brings me to a close, with the remark that local agents are what their companies and special agents make them. The company that spends its time abusing its own agents, enters up judgment against its own management.

To those gentlemen (and there may be a few among you) who think this paper consists of words only, and that the agent who gets the most premiums, regardless of methods used, is the beginning and end of your desire, will find the old proverb come true, that—

"They who lie down with dogs will get up with fleas."

### Does It Pay?

A PAPER BY A. J. WETZLAR, READ AT THE ELEVENTH ANNUAL MEETING OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE PACIFIC, FEBRUARY 15, 1887.

The all-absorbing topic of conversation among insurance men, for the past few weeks, has been the subject of insurance legislation, as under consideration by the law-makers of our great and glorious State, at Sacramento.

The wise heads and managers, with long addresses and rolls of statistics, have appeared at various times before these honorable legislative committees with carefully-studied and prepared arguments, and

have, by actual demonstration and statistics, arduously labored to convince the various members of said committee that the insurance business on this coast has been not very lucrative; that the property-owners should consider themselves happy in the thought that rates through union were no higher, and that, as now established, additional security was assured them by the consequent increase of the assets of the companies; in polite words, that it were well enough to leave the conduct of the insurance business to the underwriters, who, no doubt, must be best fitted to manage it.

### Our Representatives.

Now, in all candor, gentlemen, I ask you, does this pay? The pen-picture may be somewhat rudely drawn, but permit me to show you a negative side: A lot of men, some of whom are politicians or lawyers, are elected, oftentimes, not by the property-owning, law-abiding, intelligent and orderly citizens of the community, but by ward strikers, rock-rollers, political vagrants and nondescripts (whom, at any other time than at elections, they would be ashamed to classify as their constituency), and they seek legislative nominations assiduously, year after year. It has become a business and a study with them—not to benefit their country, but to make all the money out of their positions possible. For that reason they cater to the public hue and cry against corporations of any prominence, and adopt the rabble system of yelling monopoly against all corporations who fail to plaster their sticky palms with "mint salve." Demagogues and would-be statesmen, their assumed righteous indignation can be easiest measured for or against any proposition by the depths of their pockets.

And again I ask, does it pay? Does it pay the companies, session after session, to have to continually grease the wheels of legislation against the continual onslaught of cinch bills introduced by the Honorable So-and-so, simply as a flyer for "mint salve"?

To my mind, it does not pay to attempt to convert a jury by argument and a state-

ment of actual facts, when the jury, upon being empaneled, has already decided upon its verdict. Figures are what they want; but they want them on large, round, yellow discs, and that plentifully.

Does it not strike you, gentlemen, that as vast an army of men (and that men of intelligence and brains) as the insurance business embraces, are certainly entitled to representatives of their own in the legislatures, and that, by united action, they not only can defeat these would-be statesmen in their extortionate attempts, but have sufficient honest representation to extinguish these leeches on the public, and render our State a service?

#### Builders' Estimates.

The kaleidoscope turns; we now get another view. Does it pay to continually fight against a valued policy on real property, when the very power of control rests with the companies themselves; to, in consideration of an increased rate of premium, estimate the actual cash value of such real property at the time of accepting the risks, rather than after the happening of a loss? True, such policies should be written only for the term of one year, and the builder's estimate by a competent employee of the company attached to the application; but it strikes me that such a departure is entirely practicable, even in remote towns and cities wherever an agent can secure a competent builder to make such estimate and certify to the correctness of same under oath, then the company could write the risk at say, two-thirds the valuation so estimated.

#### Shorter and Plainer Policies Needed.

Now a fire policy comes in sight. Does it pay, gentlemen, to waste so much paper, by filling it up with a quantity of fine printed conditions, one-half of which have been time after time upset by the various Supreme Courts, and certainly could not be sustained in any Court? Would it not pay better to draw up a policy form short and concise in language, consistent with the law and actual intention of the business?

I think I see some of the wise old heads

shaking dubiously, but, gentlemen, this is a progressive age, and you all know that as a hypothetical case, when a poor devil insures his furniture, he calculates, intends, and believes his entire personal effects (except wearing apparel), are fully covered. And this is where the root of all the evil lies. We like to be specific and to detail everything possible, whilst our printed contract forms are in themselves absolute negatives. Do you want to adhere to these fossilized ideas of years ago, or work onward with the flood-tide of improvements and civilization? This is what I ask you, gentlemen, to consider if it pays?

#### Adjusters and Brokers.

Next the adjuster turns up; and I cannot refrain from again asking you, gentlemen, does it pay to let clerks and inexperienced men adjust and handle losses? It may pay you, gentlemen, as agents, and help to reduce your expense accounts, but how does it affect your contingents? And does it pay your companies? Is it not a fact that home offices have frequently of late called attention to the loose manner in which losses are settled on this Coast, and would it not therefore pay better to cease being "peuny wise and pound foolish," and employ competent men to honestly interpret your contracts and perform such duties?

And now for the broker, whom you all do pet. Does it pay to accept country risks through him at full commissions, without submitting such business to the inspection and supervision of your local agent, who perhaps previously, for the best of reasons, had declined the same? Would it not pay better to reduce the broker's commission on such country business, and pay the local agent a small commission for his supervision?

Does it pay in the competition of business, to accept risks and issue policies on *apparently* large and handsome brick or stone buildings in course of construction, which are absolutely pure fire traps, with "nary" a brick or stone wall or partition inside? Where does the usefulness of the Inspection Bureau come in, if you do not refuse absolutely to write such risks (unless the structures are properly built), and

aid the Bureau in every way, so as to make its work effective?

Does it pay to go along year after year without properly classifying hazards and keeping statistical records of your business? With  $1\frac{3}{4}$  per cent. profit in the business for the past ten years, I should think not.

### The New York Standard Form of Policy.

A PAPER BY BERNARD FAYMONVILLE, READ AT THE ELEVENTH ANNUAL MEETING OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE PACIFIC, FEBRUARY 15, 1887.

I approach this subject with a full realization of my inability to do it justice. Indeed, it may seem presumption on my part to even venture an opinion, to say nothing of criticizing, a form of policy which, there is every reason to assume, is the crystallization of long experience, faithful study and intelligent conclusions on the part of the honorable committee who have had the matter in charge; but, the task being mine, I shall consider it my duty as a member of the Association to at least make an attempt, though I doubt not that ere I have finished the picture of the boy who had "bitten off more than he could chew," will have presented itself to your minds. Whatever I have to say on the subject may not prove new to many of you, nor do I advance any propositions which I expect you to accept without thought or reflection, but merely submit them to you for consideration. The general proposition of a standard form does not strike me favorably. In these days of invention and progress, when thousands of brilliant minds are in competition, each struggling to be foremost in the discovery of new agents of destruction and construction; when all known elements are being utilized to yield power, light and heat, who can tell what hour may give birth to a discovery or an invention which will place before us new hazards to guard against—hazards which now lie hidden and unknown? Under a standard form of policy, the methods of protecting ourselves by adding new clauses and conditions to our policies, or changing old ones as necessity may arise, is virtually taken from us.

But to revert to the policy in detail:

Closing Down, and Mechanics' Privileges.

The clauses in the "standard" policy, with reference to closing down manufacturing establishments, and referring to mechanics' privileges, are as follows:

"..... or if it cease to be operated for more than *ten consecutive days*..... or if mechanics be employed in building, altering or repairing.... *for more than fifteen days at any one time*" this policy shall be void, etc. (Lines 14 and 16.)

Now, do these clauses mean enough to be of any material benefit to the companies? The establishment insured cannot be closed down for more than ten days at one time; but if the premises be operated *each eleventh day*, or about thirty-five days in the year, it may remain idle all the balance of the time, or about three hundred and thirty days.

The lack of stringency is quite as noticeable in the clause which refers to repairs. Mechanics are not to be employed in building, altering or repairing for more than fifteen days *at any one time*. As a matter of fact, does not this clause give permission for perpetual repairs? inasmuch as mechanics rest from labor on Sundays, so that they are really never employed for more than six days at any one time; or, should it be held that keeping the Sabbath is not a break in the employment under the terms of the policy, could not work be purposely discontinued on each sixteenth day, and thus evade the clause? To the writer, these clauses seem inadequate.

#### Untenatable Buildings.

In lines 36 and 37 we find that "if a building, or any part thereof, fall, except as the result of fire," this policy shall cease. You will notice that the words, "*or become untenatable*," have been omitted from the policy. This, I think, would be found to be a grave mistake, should the "standard form" be adopted for use on this coast.

By reason of our wet winters, many buildings, both in California and Oregon, are rendered totally worthless and unsafe on account of softened foundations and crumbling walls. The writer himself once journeyed to a southern town to settle a loss, which upon investigation he found to

be on an adobe building, the walls and foundations of which had been so weakened by a recent flood that it was in imminent danger of falling down; in fact, the walls had "spread" to an alarming extent, and the proprietor had vacated the premises five days before for fear of being buried alive, when a convenient fire came along and burned the place. Now, the building had not really fallen, nor had it been vacant long enough to avoid the policy on that account, so that under a New York "standard form" the company would have been obliged to pay for a building which was worth nothing whatever, as subsequent expert testimony was to the effect that the structure could not be repaired, and the expense of taking it down would be more than the value of such material as might be saved. Such cases are not unusual on this Coast, so that the omission above referred to *might* prove a serious matter here.

#### Preliminary Appraisalment.

That part of the policy (lines 67 to 69) which refers to the notice of loss has, among others, the following requirement:

"..... the insured shall ..... make a complete inventory of the same (referring to personal property), stating the quantity and cost of each article and the amount claimed thereon."

We can but regard this last requirement (as to the amount claimed) as unwise; in fact, from personal experience we have always found it advisable to *prevent* the assured doing this very thing. We have always been able to obtain a much fairer settlement where no preliminary figures as to the damage have been made by the assured. It is a well established fact, borne out by the experience of most of you, that it is very difficult to combat a statement of damage, already "cut and dried," in the hands of the assured. Does not the assured, no matter who he is, feel that it is casting a reflection on his judgment or honesty to question the correctness of any definite claim for loss that he may make? And, again, does not the assured's pride often prevent satisfactory settlements? Having made a claim in figures, he may feel too proud to back down, even though the adjuster has proven to him that his claim is

exorbitant. We therefore feel that the adjuster should always, if possible, be on hand when the first detailed estimate of the loss is made, and thus help fix that first impression, which often cuts an important figure in the settlement. Any opportunity which the assured may have to form a fixed ante-adjustment opinion is to the company's disadvantage, and any term in the policy *compelling* him to fix a damage, before the adjustment, is, to our thinking, extremely ill-advised.

#### Appraisements in Detail.

Another matter which presents itself upon reading the "standard form" is the absence of any clause under which the companies may demand that appraisements be made in detail, or item by item. Of course it has the provision, above referred to, requiring the assured to make up an itemized statement, but nothing in the policy that we can find makes it obligatory on the part of the appraisers to render, if required, their award in detail. We need hardly explain the full significance of this omission to those of you who have had "lump" appraisements forced upon you.

While the "standard form" does not cover awnings, it does not except opium as merchandise, wooden (over fire-proof) roofs, plate glass of any dimensions, nor decorations. The insertion of the word "entire" in the eleventh line of the policy is, we believe, an excellent feature, inasmuch as it renders the whole policy void, if, by the operation of the terms of said policy, the insurance on *any one item* should be voided. The clause found in the twenty-ninth line and under which the policy is voided if the building insured becomes vacant, whether same is intended for occupancy *by owner or tenant*, is also a good one, as under the older forms courts have held that vacancies were contemplated where buildings covered by policies were intended for occupancy by *tenants*.

#### Notice of Cancellation.

The clause requiring the company to give assured five days notice of any intended cancellation is of questionable advantage. In cases where no fixed period for notice was specified in the policies courts have

generally held that the notice to the assured of intended cancellation must be "reasonable," at the same time reserving to themselves, or submitting to a jury the question as to what constituted "reasonable notice." The clause referred to was no doubt intended to remove the question as to what constituted "reasonable notice" beyond the discretion of courts and juries, and the intention is a very worthy one. But if a specified notice of *five days* will accomplish this, why would not a shorter notice accomplish the same object? As a matter of fact, is not a notice of five days too long? We feel that the privilege of cancellation is to the insurance companies what the pistol is to the frontiersman—we may not "want it often, but when we do, we generally want it badly," and, we might add, without delay.

What is the main cause for cancellation? Some circumstance which may have a bearing on the moral hazard of the risk, is it not? Increases in the physical hazard can generally be met by an increased rate, but when we feel that the moral hazard may be affected we generally desire to get off a risk at once. Would not a five days' notice of cancellation in such a case have a tendency to precipitate crime, by giving the assured time to realize on his old policies, and thereby save the trouble of getting new ones? Of course, a loss occurring under such circumstances would naturally be regarded with suspicion, but what does that amount to if the companies could not prove criminality and the assured got his money?

#### Authorized Agents.

Following closely upon the cancellation clause, we find in lines 47 and 48 the following:

"In any matter relating to this insurance, no person, unless duly authorized in writing, shall be deemed the agent of this company."

A mere disclaimer, as it were, denying liability for the actions of unauthorized parties, but which does not fix the responsibility of such actions on the assured. It falls far short of what is so often required on this Coast, where brokers frequently place risks a full thousand miles away, risks which must be taken, if taken at all, en-

tirely upon the broker's representation, and where the broker transacts *all* business pertaining to the placing of said risks. We know how difficult it is to legally shoulder the responsibility of the broker's acts upon the assured, but would it not have been well to have made the attempt, and while the matter was under consideration, to have endeavored to construct a clause making a notice of cancellation binding, if served on the broker who placed the risk?

How many are there of you who have not, at one time or another, desired the cancellation of a policy covering a risk located in some distant State or territory—a risk which, perhaps, had drifted on to your books through the hands of a broker, as risks will—only to find the cold, uncompromising fact staring you in the face, that said policy could not be legally cancelled without the expense and trouble of a "reasonable" notice, and a tender of return premium to the assured, personally, in a far away country. It may be urged that it is not within the limits of lawyers' wisdom or wit to construct a clause making notice of cancellation binding if served on a broker, but we question the weight of this argument.

From the foregoing remarks I do not wish you to infer that the "standard form" contains nothing commendable. If my comments should seem hypercritical, let me assure you that it was an easier task to enumerate the few apparent weaknesses of the "standard form" than to recount the many admirable features which can be found therein. Many of the clauses are so well constructed, and their advantages are so subtle, that they would require more talent than I possess to do them justice. Nor do I think that you have time to listen to an account embracing all the desirable points of the "standard form," as these discussions are either tiresome from the beginning, or are easily made so by being long drawn out.

#### Suggestions.

I cannot "give you a rest," however, without reproducing a suggestion recently made by one of the foremost underwriters of the East: Now that arson is so fashion-

able, companies should be compelled to print on their policies the law against this innocent little pastime. Is it not cruelty to the festive incendiary to allow him to grope along in ignorance of the possible consequences of his doings? And, as an additional warning, instead of printing on policies spouting volcanoes, lithographic cataracts, impossible Arabs, wooden-headed deer, or abandoned-looking goddesses—all of which signify nothing—let us have, say, in the foreground a neatly-executed gallows frame, with a slip-noose dangling in the “sky;” or a view of the State’s prison, properly garnished with grated windows, framed in as it might be with a bordering of hard-tack and handcuffs. Surely, it is high time that the ornamental should give way to the useful.

### Crackers and Crumbs from the Knap-sack.

We make room for a few things from the *Knapsack*, read at the recent annual meeting of the Fire Underwriters’ Association of the Pacific, as follows:

#### A Sketch of San Francisco Insurance History.

Thirty years ago, on the 6th of January, 1857, all the agents engaged in the fire insurance business in San Francisco met and formed the first fire insurance organization which was established in the Pacific Coast States, which they named “The Board of Fire Insurance.” These agencies were only nine in number, and represented only twelve fire insurance companies, viz.: Continental, represented by C. Adolphe Low; Phenix, represented by E. W. Crowell; Home, Niagara, Washington and Park, represented by Jonathan Hunt; Liverpool & London, represented by Joshua P. Haven; Royal, represented by McKinlay, Garrioch & Co.; Imperial, represented by Falkner, Bell & Co.; Monarch, represented by Wm. Lane Booker; Northern, represented by Smith Bros. & Co.; Unity, represented by Dickson, DeWolf & Co. Joshua P. Haven was the President of the association and E. R. Falkner was its Secretary. Not one of these agents is now doing a fire insurance business here.

Some of the persons engaged in our profession in those days seem to have had methods for obtaining business similar to those said to be practiced by members of our fraternity at the present time, for on the 24th of June of the same year in which they were organized we find that they passed the following resolution, viz.:

*Resolved*, That the payment by a company or its agent of the stamp required upon a policy, with-

out exacting the tax from the assured, will be regarded by this Board as a violation of its rules, being in fact a reduction of the rate of premium agreed upon between the members of the Board, and that a copy of this resolution be served upon each member.

The wholesome rule of the Pacific Insurance Union requiring a delinquent to pay a fine for an alleged deviation and afterwards prove his innocence in order to recover the amount of the fine, was not one of the rules in force at that time.

The resolution calls to mind an old law of the State of California, imposing a stamp tax upon the policy of one dollar for each thousand dollars insured.

In the following year a local company made its appearance in our midst. The California claims to be the oldest local company, but it will have to yield this claim, for it is a fact, of which probably none of the underwriters of the present day are aware, that the first fire insurance company incorporated under the laws of the State of California was the German Mutual Fire Insurance Company of San Francisco, which was organized July 12th, 1858. As this was the first local company, I will give a few facts of its history. Its President was J. G. W. Schulte; Vice-President, Frederick Meyer; Secretary, John Kohlmoos. Its Treasurer was our well-known townsman, Nicholas Van Bergen. Its office was at No. 136 Washington street.

This company was evidently an aristocratic corporation, as it took pains to inform the public by an advertisement in one of our early directories that its office hours were from 2 o’clock to 3 o’clock P. M. only. How refreshing it would be to have such a regulation in vogue nowadays. Just imagine this community now coming unsolicited to your offices to obtain the protection against fire, of which it is always in need, and which could only be obtained in one short hour out of the twenty-four. There would be no time for discussions about rates. What delightful serenity of mind those Teutonic underwriters must have enjoyed!

This company was not only aristocratic, but it was also exclusive. By the terms of its articles of corporation, its business was confined entirely to the German population of this State. Whether it was that the moral hazard of our German residents of those days was so bad that they found it difficult to obtain insurance, or whether they had so little confidence in the integrity of other nationalities as not to be willing to insure them, the records do not enlighten us.

We are frequently informed by the insurance press and by underwriters of the great wisdom and skill of the Hartford underwriters; but let it be known that our German company distanced any Hartford company that ever existed in this, that they prosecuted a successful business and paid all their losses during a term of ten years without any capital whatever. They ceased issuing policies on the 24th of June, 1868, in consequence of being called upon by the first Insurance Commissioner of this State to have a paid up capi-

tal of one hundred thousand dollars, in compliance with the laws then recently enacted.

The incorporation of the California Mutual Marine Insurance Company (reincorporated as the California Insurance Company in 1864) and the San Francisco Fire Insurance Company followed in 1861. The San Francisco left the insurance field quite too soon, after a remarkably conservative and profitable career. Its first Secretary and subsequent President, Mr. George C. Boardman, is still an active and honored member of our fraternity.

Local companies now increased rapidly. The Merchants' Mutual, Firemans Fund and Pacific were incorporated in 1863; the California Home and Home Mutual in 1864; the Occidental, Union and National in 1865; the Builders' in 1866; the People's in 1867; the Mechanics' in 1868; the Oriental in 1869; the State Investment in 1871; the Commercial in 1872; the California Farmers' and Alameda County in 1874; the Western in 1878; the Oakland Home in 1880; the Sun in 1881; Southern California and Anglo-Nevada in 1885.

Only one of the local companies has been a disgrace to the profession, and that one owed its paternity to that illustrious historian of Ireland, banker, underwriter and professed philanthropist, Thomas Mooney, Esquire. To the credit of the fraternity be it known that he never was recognized as an underwriter in good standing by his brethren in the business. The days of the years of his insurance career were few and evil; he brought discredit upon our profession, but more upon himself.

It will thus be seen that twenty-three fire and fire and marine insurance companies have been incorporated in the State of California—yes, twenty-four, if we include the Merchants' Mutual, which took marine risks only. Of these twenty-four companies, nine retired from business; three surrendered to the fire fiend at Chicago; one only was forced by the Insurance Commissioner to go into liquidation; and one never got out of its swaddling clothes, leaving ten now in existence.

Of the officers of the local companies who have gone "over the river," the older agents will remember Parker and Bond of the Firemans Fund, Pierce of the National, Horner of the People's, Curtis of the State Investment, Stiles and Rothschild of the Occidental, Crowell of the California, Fay of the Union, and Scotchler and Bourne of the Merchants' Mutual.

Without intending to make any invidious distinctions in mentioning persons, it is certainly to the credit of local companies that they have given to our profession such honored names as those of Hopkins, Touchard, Boardman, Story, Scotchler, Parker, Fay, Staples, Laton and others.

As a class the local companies have certainly shown an honorable record, which it is to be hoped will always be maintained. Most of them have been severely tried in the fire and not found wanting.

NOTE.—In the list of honored names none is

brighter than that of Chas. D. Haven, to whom this association is indebted for this bit of history.  
—*Editor Knapsack.*

#### After the Seattle Riots.

True he had never faced fire on the gory field of battle, but he had smelled powder at a target shoot. One cold and stormy night he patrolled a beat laid out for him. At midnight he saluted the officer in charge of munitions, and requested a few rounds of cartridge, on the plea of possible failure to kill his man at the first fire.

"More ammunition?" said the officer. "Why, you have forty rounds on your person this minute in that box."

"Great Caesar! are those cartridges? I thought it was my lunch," and the courage which prompted him to face death oozed away at the thought of hunger.

#### A Live Local.

Once on a time a local agent was appointed by letter. At the remote distance where he lived such small matters as bonds or instructions were not thought of. An exceedingly liberal outfit of supplies reached him, and here the business of that agency rested for some weeks, when one day a letter was received, saying: "Insurance business is dead in this place, but I have sold the picture cards you sent at \$2 apiece. Inclosed please find remittance less my commission. I don't know if I charged enough. I can sell a few more at the same price. Please be more particular in your instructions to agents."

#### It Wasn't Christmas.

We call the head of our office the "old man." He is not so very old, but he is absent-minded to a degree—not so bad as the person who put his umbrella carefully in bed and stood himself behind the door all night, but absent-minded enough to make the boys grind their teeth when he forgets points they carefully tell to him.

Now and then we have some fun out of it, as this incident will show. Christmas fell due on Saturday, perhaps you will remember. On Thursday evening the old man beamed all around with his top coat buttoned and umbrella in hand, which he waved airily so as to include the whole force, and with a voice modulated by a recollection of Scroog and Marley, said, "Young gentlemen, I bid you good evening; it is perhaps needless for me to remark that I do not expect to see you at the office to-morrow." Then he went away to find that to-morrow was not Christmas. He had the office all to himself on Friday.

#### A Wife's Remedy—"An Ower True Tale."

A certain old special (an experience, not age) Had traveled for years by rail, steamer and stage, And tho' he loved dearly both children and wife, To be on the go was the joy of his life. If he staid long at home, 'twas his greatest complaint

That he seemed to be under a sort of restraint; When out on the road he did just as he chose,

No one cared whether early or late he arose,  
And if such a notion got into his head,  
He might, like the chickens, go early to bed;  
His steaks, chops, bacon and eggs could be dished  
And served to him almost whenever he wished.  
It chanced that his principal (I won't call him  
"boss")

Was forced by his business the Atlantic to cross;  
So, seeing this trip can't be made in a day,  
Our special to manage the business must stay.  
He behaved himself well at his home for a while—  
Wife and children saw only his bright, sunny  
smile;

But at length the old restless feeling came o'er  
him,  
And his dear wife and children seemed only to bore  
him.

One night he went home and felt sure he would  
"bust"

If he did not in some way express his disgust;  
Said he, "Mrs. S., (S. for Special, you know)  
I really can't see why you manage things so;  
I never have seen such obstreperous boys,  
I think they were born just to kick up a noise,  
And as for the girls, why it really does seem  
That they do nothing else but to giggle and  
scream;

That girl in the kitchen thinks I must like to wait,  
For she seldom is ready, but most always late;  
The butcher takes pains to send meat that is tough,  
And for my part, I consider life very rough."

"My dear," said his wife, as she glanced at the  
clock,

"Just pick up your grip-sack and walk round the  
block—

You have plenty of time, it isn't quite six—  
And I'll do what I can crooked matters to fix."  
He promptly obeyed, or rather took her advice,  
And, grasping his satchel, walked round the block  
twice;

Went back to his home in a different mood,  
The beefsteak was tender, the children all good,  
And when dinner was over he looked all round,  
And remarked that no happier home could be  
found;

His wife and his children all gave him great pleas-  
ure,

And as for the cook, why, he called her a treasure;  
Their butcher sold meat such as could rarely be  
found

If you traveled and searched all this wide world  
around.

The Dakota Auditor is authority for the  
statement that there are 4,055 insurance  
agents in that Territory, representing eighty-  
four companies. Well, Dakota ought to be  
admitted to the Union—to the Pacific In-  
surance Union or a like organization, at  
least.

### From a Local's Standpoint.

FROM A PAPER BY M. R. HOOK, READ AT  
THE ELEVENTH ANNUAL MEETING OF THE  
FIRE UNDERWRITERS' ASSOCIATION OF THE  
PACIFIC, FEBRUARY 15, 1887.

As to "Locals," there are many kinds.  
First is he who "knows it all"—adjusts  
his own losses and pays within three days'  
time. Then there is he who carries his  
register in his pocket, and has his office on  
the curbstone. Then the merchant local,  
who cannot let the opportunity pass for  
saving the commission on his own stock,  
and therefore solicits and accepts the agency  
of some good company, whose business in  
that town is circumscribed to that one  
risk—possibly it may include his "uncles  
and his aunts." Then we have the local  
who makes insurance his business.

It would, indeed, be strange, Mr. Presi-  
dent, if these various agents did not use  
various means to procure business, spurred  
on, as they are, by the cry from ye mana-  
ger. "One new risk;" yet I cannot see  
why that one new risk cannot be secured  
honorably and honestly, without lying and  
misrepresentation of rival agents, or the  
companies which they represent. Why  
not be as honest and honorable in the pur-  
suit of this business as in merchandising or  
any other pursuit of life? I believe that  
managers and general agents search for the  
best timber they can find, to represent  
them as locals, and select them for honesty  
and ability. Some locals are born great—  
some achieve greatness—and some have  
greatness thrust upon them.

While I think that the local has great  
influence on the success of a company, I  
know that an adjuster can make or break  
the business of the best company in exist-  
ence, in his field. It has been my proud  
satisfaction thus far, to have had all losses  
fairly adjusted and promptly paid, and by  
doing so, they have secured for me and  
themselves, increased patronage and the  
confidence of the insuring public. I do  
not think a local should ever be called  
upon to adjust a lo-s, however small, for  
the reason that the assured expects favors  
at his hands, unwarranted by the contract.

### Losses and Adjustments.

A PAPER BY W. L. CHALMERS, READ AT THE ELEVENTH ANNUAL MEETING OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE PACIFIC, FEBRUARY 15, 1886.

We have had a great many papers read before this Association on the subject of losses, considered from a physical and a moral standpoint. I myself have presented two papers on that subject. It became, therefore, a matter of some consideration with me how to give the Association something out of the beaten track. The writer of books, the preacher, the lecturer, and the essayist gather together from reading, general observation, the remarks, opinions and thoughts of others, the material for their literary efforts; really very little original matter is to be found in the literary productions of our times. So, during the past year, I have been jotting down from time to time, here a little, there a little, occurrences, ideas and opinions and thoughts of others, as material for this paper; and I have endeavored to arrange this material so as to present it to you in as good shape as possible."

The Assured not always the Culprits.

Now, without further preamble, let me ask: Do losses occur from any other than physical or moral causes? Are the assured always the real culprits—if I may be allowed to use such a term? Unhesitatingly I answer, no. The companies and their representatives are but too often the cause of losses that could be avoided. Among these avoidable causes of loss may be mentioned the immoderate greed for business, thereby inducing the acceptance of risks of a shady character. We all know brokers and local agents who look more to the amount of premium and large commissions than to the character of the risk; who will force such risks upon the companies, offering as excuse some flimsy story about the applicant having a line of first-class business which he can secure, if only the shady risk is accepted; forgetting the fact, that if a loss occurs—as is but too often the case—the profit on the good business is swallowed up a thousand fold.

### Condoning Exorbitant Claims.

Again, the condoning by the companies of exorbitant claims is another cause of avoidable loss arising from greed for business. A case of this kind is fresh in the memory of us all. A small fire occurred, doing but a trifling damage to the building—some \$30 to \$40. There was a little smoke, which, in the estimation of the owners of the stock, caused a damage of over \$20,000. This they claimed; \$500 was offered by the adjusters, but indignantly refused, an appraisal was demanded, gone into, abandoned, and the matter was compromised for as many thousands of dollars as the loss actually was hundreds. During the progress of the adjustment the companies became alarmed and indignant; a meeting was held, when, with one exception, it was decided to cancel the policies as soon as the loss was adjusted. So eager were some to get off the risk, that they did not wait until then, but canceled at once. This case was so flagrant that it was submitted to a meeting of the entire insurance fraternity, and by a rising vote, with two exceptions, it was then and there agreed that when the companies then covering on the risk canceled, none of the others should accept the canceled lines. What was the result? A strong pressure was brought to bear on the companies by influential brokers and insurers; and out of some 28 companies interested in the loss, only five or six had backbone enough to stand up to their agreement. A noble band of Spartans! Nay, more; some of those who canceled before the adjustment was completed, not only issued new policies, but took increased lines, while some who agreed not to accept any of the canceled lines, did so—thus falling down before the Juggernaut of greed for business. If these claimants, or any of their friends, who have gone through a similar profitable experience have another small loss and make another big claim, can you blame them? I say, no! That blame must lie on the shoulders of those weak-kneed ones who aided and abetted them on former occasions. Do you think such doings are not known outside of this Pacific Coast? They are known and commented

on by the insurance men in the East, as some now within the sound of my voice can testify, who tell us we are the laughing stock of these men, who justly complain of loose adjustment on our side.

#### Incompetent Adjusters.

And this brings me to another avoidable cause of loss, viz.: the employment of incompetent men as adjusters—as is sometimes done—from mistaken motives of economy or otherwise. A loss occurs in a country town; it will cost money to send an adjuster, and so the local agent is asked to act. Some of these gentlemen know how to do it; a great many of them know nothing about it—but they do it all the same; and in nine cases out of ten the claimant gets a great deal more, over and above his actual loss, than the cost of employing a regular adjuster would have amounted to. But that is not the worst result of asking local agents to adjust losses. They naturally lean towards their customer, and, blinded by self-interest to their duty to their companies, they make what is called a very liberal settlement. How often have adjusters had it thrown in their teeth that So-and-so (a local agent) allowed this and that on a former occasion, and the claimant cannot see why he should not now meet with the same open-handed treatment. Let me not be misunderstood on this point. I do not intend these remarks as applicable to all locals—for there are local agents, and local agents. Some of them are fully as competent to adjust losses as is the average regular adjuster, and who are so loyal to their companies as not to improperly favor the claimant; while others, I regret to say, too often do all they can to impede the labors of the adjuster, and complicate matters as much as possible.

Again, how often does it happen that young, inexperienced men are sent out as full-fledged adjusters. Some of you remember a case in point. A very extensive general fire occurred some years ago in a certain town. Eleven or twelve adjusters started together for the scene of the fire. Shortly after leaving, a gentleman, a stranger to us all, introduced himself as the special agent and adjuster of the Blank Insur-

ance Company. He remarked that his company had several losses at the place we were going to; that this was his first trip; that he had never adjusted a loss before, and asked our kind assistance to help him out. This, as a matter of course, we did; and his company had its losses adjusted on that occasion by others without charge, except their man's traveling expenses.

#### Give the Young Men a Show.

This is not an isolated case: the same thing happens time and again, but very often there are no friendly adjusters on the spot to instruct the green hand, the consequence being, as some of us know, large sums paid over and above actual loss. But you may say young men must make a beginning. I fully agree with that—give the young men a show. I do not forget that I was once young myself—a long, long time ago. Pardon me if I here introduce a personal reminiscence of the first adjustment I ever participated in. I will not say in what year it was, but I was then a young lad of nine years of age. My father had just organized a company, which now ranks among the leading British offices doing business on this Coast. Like Poobah, Esq., of Titipu, he himself held many offices, viz., that of general manager, special agent, adjuster, etc. It was school vacation time, and he took me with him on a trip through the country, appointing agents. The vehicle we traveled in was called a “gig,” which is a buggy on two wheels without a top. One day we arrived at a small town, and it so happened there had been a fire there the night before, doing trifling damage to a lot of groceries. Finding the loss was in his company, he adjusted it there and then. That was the first loss in which I participated in the adjustment of; for while he was settling the claim, I looked after the horse and buggy.

I repeat, give the young men a chance; but teach them the business in a fair and honorable way, without doing so at the expense of others. Do as is often done in the East. There a bright young man is picked out in the office, and when a loss occurs the adjuster takes him along as his clerk, thus affording the opportunity of seeing

how the adjustment is accomplished. After a time he is entrusted with some small loss, until finally he is fully qualified to act independently in the adjustment of important cases. We, unfortunately, sometimes have large general fires. Then is the time to teach your young men; take them along as clerks; have them do your clerical work; charge your companies say \$5 a day for their services, for is it not cheaper to pay a clerk \$5 a day than for the adjuster himself to do the clerical work at \$15 or \$20 a day, when he might be attending to other adjustments? I have tried it, and found that not only did the company save money, but the clerk gained a considerable amount of experience with adjusting, so as in time to fit him to take the place of his former chief.

#### Local Agents and General Agents as Adjusters.

Again, not only should local agents not be asked to adjust losses, but the fewer losses adjusted by general agents, the better; and I will remark that the custom of some companies requiring general agents to pay all adjusting expenses out of their own pockets, is a bad one. I could say a great deal on this subject, but I forbear; simply compressing into one sentence all I have to say, and that is, a contract of this kind, while it may save at the spigot, causes loss at the bung-hole.

#### Appraisers.

Another cause of avoidable loss is the employment of improper appraisers. In my paper on Losses and Adjustments, read before this Association three years ago, I took occasion to say something on this subject. I then pointed out the difficulty of securing an impartial man as appraiser in a small town. These men have generally an ax to grind, and will always, either from sympathy or self interest, lean towards the claimant. Adjusters are fully cognizant of the truth of what I now say. Avoid, therefore, going into an appraisal in small places; but if you must do so, get a good man from some other place. While the expense of doing this will be, as a matter of course, much greater than if you employed a local man, you will have the satisfaction of knowing

you have had a fair deal, and in most cases you will save money for the company.

#### Other Insurance.

Another avoidable cause of loss is permitting other insurance without limit or specific amount. Turning to page 37 of the Rate Book, under paragraph H, we find as follows:

"Permission for other insurance shall be given in following words: 'Permission for \$..... other insurance concurrent herewith.'"

Now that is a most excellent rule, if carried out; but is it? No. The rule is much more honored in the breach than in the observance. Why, I cannot say. There are many regulations of minor import, insisted upon by the Pacific Insurance Union, while this one is virtually ignored. How often does the adjuster find the clause, "other insurance permitted," in a policy covering some small retail store or corner grocery, or perhaps a lot of wretched furniture in some miserable shanty; and has good reason to believe that the permission of unlimited insurance had been taken advantage of, to increase the amount of insurance and realize on the policy. This particular rule ought to be rigorously enforced, for it is simply absurd, not to say criminal, to permit a small corner groceryman or the owner of a few articles of nearly worthless furniture, to have the power to increase his insurance to any amount without reference to the companies. I repeat, it is done every day, and we all know it; the lame excuse being, "the broker insisted on it." With every disposition to humor the brokers, we ought not to lose sight of the fact, that while they pocket the commissions, they most assuredly do not pay the losses.

#### Badly Worded Policies.

Another avoidable cause of loss is the improper or careless wording of policies. How often do we permit green country agents to write policies, and have their Dailies passed upon by still greener hands at headquarters. It is true the Pacific Insurance Union is to a certain extent a check on this evil, but not altogether so. In the very able paper prepared by Mr. George Easton on forms of policies, read before this Associa-

tion three years ago, he suggested a remedy for this very evil. I quote from his paper.

In an Association like this, containing all our talented "field men," what a grand opportunity we have, with the aid of these gentlemen, backed by our labor at the general agency office, to correct many of the bad forms of policies, by preventing such at the start. It is easier to instruct our agents how to properly word the contract than to amend their daily reports afterwards—easier to prevent than to cure; and to accomplish this, let this Association, through a Committee appointed by its President, prepare and submit various forms of policies, applicable to the hazards of the Coast; and after such have been discussed, amended, if necessary, and adopted, let them be printed in goodly number, and go forth stamped, not only with the approval of this Association, but with a pledge of adherence thereto by every member thereof. Thus we will aid and intelligently instruct our sub-agents, where perhaps, more than anywhere else, is some such plan as this, necessary and easily entered upon.

Now, that is a most excellent suggestion, but like so many of the good things brought before us at our annual gatherings, no action has been taken to apply the remedy suggested. Adjusters will bear me out when I assert that thousands of dollars are lost through this careless wording of policies.

#### Too Prompt Payment of Losses.

Another evil practice that has a tendency to cause loss, is the insane haste on the part of some companies to pay losses before the debris has cooled off. How often when a large fire occurs where many companies are interested, do we find some one or two trying to get ahead of the others, and as we have heard, on the presumption that the loss is total, hand over a check for the face of the policy. A case of this kind can be cited, where, after the adjustment was completed by their more business like competitors, the loss was found not to be total, and it is said, the party received a check for his share of the salvage.

Does such an improper method of trying to ingratiate themselves with their patrons do these men any good? No; on the contrary good business men do not believe in that kind of work, while honest claimants are willing to wait until their loss is properly adjusted. Dishonest ones, on the other hand, growl and claim they have been badly

treated if an immediate settlement is not made. Nay more, these hasty adjustments and payments are an inducement to rogues to become incendiaries and victimize the companies. This brings to my mind a case in point, in which I was the hoodwinked adjuster, and was guilty of the very thing of which I am now speaking.

Some years ago I was sent to a country town to adjust a loss on household furniture. On arriving at the place I found that the claimant was a relative of the company's agent. He informed me that he had a schedule of the furniture prepared; that the insured was such a nice man, newly married; furniture nearly all new and good, and his loss double the amount of the policy, which was for \$700. I met the nice man, and was most favorably impressed with his looks. He was night watchman for the town, and of course was absent at the time of the fire—1 A. M. Nothing was left but ashes; all his wife's clothes destroyed. By the way, she happened to be sleeping on that particular night in her father's house, the reason assigned being, that her husband had lately arrested some rough characters, who had threatened to get even, and she was afraid to remain alone at night. It is needless to say that I was most favorably impressed with the young wife also; and having had good accounts of them from everybody, the hard heart of the adjuster was softened. I took proofs, and gave the man a check for the amount of his policy. They both thanked me with tears in their eyes; I was such a nice gentleman—they never could forget me; would always remember me in their prayers, and would recommend my company to their friends and relatives. So far so good. Some three weeks afterwards, taking up the morning paper, and, as my custom is, casting my eye over the column devoted to Pacific Coast news, in search of fires, I found the (to me) startling item, that my man, the night watchman, had been arrested on a charge of arson. That he had hired two Greasers to fire his house, promising to give them \$100 as soon as he obtained the insurance money. Failing to carry out that promise, they let the cat out

of the bag. When in jail, a detective overheard a conversation between the trio, which clearly proved the guilt of the night watchman. He was indicted, tried, and, as usual, acquitted. Some months afterwards, happening to meet one of the attorneys who defended him at the trial, I alluded to the case, and asked how much of the \$700 he had got for his services. He laughed, and said, "About all;" adding that he had well earned it, for had he been District Attorney, the fellow must have gone to States Prison. Now, had I waited the sixty days allowed by the policy, instead of paying the loss at once, the company would most likely have been so much the gainer. I have no doubt you can cite similar cases; many of you adjusters have been victimized in a similar manner, and we all will be, until the good rule is established of not paying losses until they mature, at the expiration of the sixty days named in the policies.

#### Legislation.

But one other cause of avoidable loss, and I have done. I read with much interest an article in this month's issue of the COAST REVIEW, on proposed insurance legislation. I had intended to say something upon that subject in this paper, because I think the payment of blood money to the pack of vampires who assemble bi-annually at Sacramento to make laws—God save the mark! no; but to enrich themselves at the expense of corporations, and especially insurance corporations, or any one who has money, is an avoidable cause of loss. It ought not to be done. It has been done in the past, and will have to be done every two years, unless the companies shut down, sit down and ignore these blood-suckers. I cordially endorse what our friend, the editor, says in the article referred to on this subject. Here it is:

We believe that a proper presentation of the facts as to the compact will persuade the Legislature to reject the bill, or Governor Bartlett to veto the law. If not, if it proves useless to appeal to common sense and the principles of fair play, a general withdrawal should be resorted to. The really influential elements of society, now possibly indifferent, will then demand and secure the immediate repeal of the anti-compact law, even if an extra session be necessary.

Now that is good sound advice. Such action was taken in Idaho, and the obnoxious law was repealed at the first meeting of the Legislature after it had been passed. But you will say: "Oh! that is a small field from which the companies could withdraw without much harm to themselves." Do the same thing here, and the insuring public will not wait for the next meeting of the Legislature; the Governor will be asked to, and will call an extra session, and the "cinch" laws will be repealed by the very men who enact them, because of their fear of offending their constituents. Thus and thus only can this constant fight for blood money be put a stop to.

#### Conclusion.

I feel that I have trespassed too long on your time. I have said that among the avoidable causes of loss is the immoderate greed for business; the want of pluck on the part of the companies; the employment of incompetent men as adjusters and appraisers; allowing unlimited insurance; the payment of loss before the expiration of the sixty days; the careless wording of policies; and last but not least, the payment of blood money to kill cinch bills.

As stated at the outset of this paper, the ideas set forth are not alone my own, but those I have heard some of you express in unmistakable terms. If I have said anything out of the way—talked perhaps too pointedly, and thus may have trodden on some one's toes, I regret it; but I have nothing to retract, for I conscientiously believe that what I have said is the truth, the whole truth, and nothing but the truth.

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Under the heading "Sundry Humbugs," the *American Agriculturist*, which always has a page exposing humbugs, refers to mutual endowment societies in its March number thus:

We are constantly receiving inquiries regarding the various mutual endowment societies, being established in the Northwest, Western and Southern States. Our advice, generally, is to steer clear of them. While some of them are organized with honest purposes, the majority of them appear to be organized for swindling, and the fact that so many of them collapse, is sufficient evidence in itself to lead us to give them a wide berth.

## Ancient and Modern Policy Forms.

A PAPER BY A. R. GUNNISON, READ AT THE ELEVENTH ANNUAL MEETING OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE PACIFIC, FEBRUARY 16, 1887.

I will take, for an example, two forms of policies, the first issued in 1794, and the other, the form lately adopted by the underwriters of New York, and called the "Standard Form." I presume most of the members of this association have made themselves familiar with the latter.

The first form, referred to above, was issued in Hartford, Conn., and is a *fac-simile* copy of the second policy issued by the Hartford Insurance Company. The whole printed portion of the policy does not take up as much space as some one or two of the several dozen of conditions in the standard form. The first contains about twenty-five lines, and the latter one hundred and twelve lines, and over one hundred conditions and sub-clauses. The form of 1794 simply recites as follows:

WHEREAS, (name of assured) or whom else it may concern, wholly or partly, friend or foe, doth make assurance on his house against fire, and all dangers of fire; moreover against all damage which on account of fire may happen, either by tempest, fire, wind, own fire, negligence and fault of own servants, or of neighbors, whether those nearest or furthest off; all external accidents and misfortunes; thought of and not thought of, in what manner soever the damage by fire might happen; valuing specially and voluntarily the said house at the sum insured. And the assured, or whom it may concern, in case of damage, or hurt; shall need to give no proof nor account of the value; but the producing this policy shall suffice. And in case it should happen that the said house, the whole or part, are burnt and suffer damage, on that account, we do hereby promise punctually to pay and ratify, within the space of three months after the fire shall have happened, due notice having been given to us, and no deduction to be made from the sum assured except two and an half per cent. provided said loss amounts to five per cent. under which no loss or damage will be paid. And in case of a partial loss, all that shall be found to be saved and preserved, shall be deducted, after the deduction of the charges paid for the saving and preserving; and concerning which the assured shall be believed on his oath, without our alleging anything against it. And so we the assurers are contented, and bind ourselves and goods present and to come, renouncing all cavils and exceptions

contrary to these presents, for the true performance of the premises, the consideration due unto us for this assurance by the assured, at and after the rate of one-half per cent.

Reciprocally submitting all differences to two persons, one to be chosen by the assured out of three to be named by the assurer, the other by the assurer or assurers, out of three to be named by the assured, who shall have full power to adjust the same; but in case they cannot agree, then such two persons shall choose a third, and any two of them agreeing, shall be obligatory to both parties.

I have given here the whole of the printed form. The written portion is very brief, being confined simply to date, rate, name and signatures, and describing the insured property only as a "dwelling house." It does not state how many stories in height, whether wood or brick, or where located, except that it was in Hartford. It is presumed that the insured had but one house in Hartford, since, had it been otherwise, in case of a fire, this policy could have been floated around to cover any house, wherever situated in that town, belonging to the party insured.

It is not the object or province of this paper to discuss the merits or demerits of any condition, either ancient or modern. Mr. Faymonville has discussed the latter proposition very ably, yet I cannot refrain from noticing one clause of the above form which you do not find in those of the present day, to-wit, it appears to value the property at the amount of insurance, asking no account of value from the owner. This is a feature that all good underwriters of the present day feel obliged to avoid. Notwithstanding this the wise men of our Legislature and of many others are trying hard to return it practically to use, by attempting to pass the so-called "valued policy law," a law generally advocated the warmest by those who know the least about fire insurance business, or by enemies and members of the Third House. That clause was soon dropped out when it was found by experience that the insured could and did make money and defraud the insurers by firing his own premises, and is now strongly opposed on the ground that such a clause or law would in effect offer a premium for arson. Upon the good Christian doctrine that we should not lead our fellow men into temptation,

all good underwriters make it their constant and persistent effort, as well by their own acts as by frequent instructions to their agents, to prevent over-insurance. In spite of all this, ignorance or intentional fraud upon the part of the insured, incapacity of judgment or collusion upon the part of agents (the latter very seldom), results in disaster. It would look as if this form was used by our underwriting forefathers in a blind belief that all men were honest, but was dropped when it was found that poor human nature could not be trusted under so great a temptation. In this practical, money-making year of 1887 it is very amusing, and almost absurd, to note how much confidence our predecessors in underwriting reposed in their customers. What would be thought of an underwriter to-day binding himself to pay the whole face of the policy, asking no account or proof of value, the producing of the policy being sufficient? Also, in the case of partial damage, the value of saved portions to be taken from the face of the policy, together with the expense for saving and preserving, and the balance of the policy to be paid without question, "and concerning which the assured shall be believed upon his oath, without our alleging anything against it?" Where would an insurance company bring up, in these days, with such a contract? I think I hear all the adjusters here and elsewhere shouting with one voice, "Where—oh, where!" Such a company would do a big business the first year, with a reasonably small amount of losses; a larger business the second year, with a very much larger amount of losses; and, at the end of the third year, its losses would far exceed its income. After that it would run rapidly to the end, which would not be far off.

Our predecessors took ninety days to pay the loss. At the present time the insured grumbles if not paid immediately on presentation of proofs; in fact, most of them desire the money first and make the proofs afterward.

And how about the New York form? We will notice a few of its many provisions. It provides for paying only cash value,

found necessary to prevent paying claims at cost value where depreciation had occurred previous to the fire, which is only another manner of getting "over-insurance," including all its consequent fraud and temptation to do evil. It promises to pay in sixty days, instead of ninety, and makes it optional with the company to take the damaged property at its appraised value. Nearly forty lines are devoted to certain reasons, naming some two dozen, whyfore and in what cases the policy shall become void. It is needless to repeat them here, but each and every one have been found a necessity to prevent and protect against fraud, and guard against quibbles of unjust laws and adverse legislation.

Wherefore are all these protective conditions required that have crept into our policy forms? Are we prepared to say the moral sense of the great body politic has fallen so low that it is necessary to hedge our business transactions around with protective conditions to guard against fraud? That the sense of honor in many points has suffered many a blow, from self-interest and an over-desire to make gain, by sharp practices, that has sadly blunted its fine edge, is quite apparent; but I do not believe that we are, as a whole, less honest than our ancestors. We do not trust enough to the honor of our fellows, but trust to courts to decide for us, where Justice, being blindfolded, is hoodwinked and cheated by tricks and illegal subterfuges. Many people seem to think that success is right, no matter what the means. Hence, self-protection, being "the first law of nature," has been appealed to. Were there no crimes against society and individual peace and personal safety, there would be no necessity for protective laws and penalties for disobedience. So also with insurance policies: while no attempts to defraud were made, no protective conditions were necessary. Each condition added since 1794 has been forced upon the underwriters, much against their wishes and desires. Nearly one hundred years of experience has taught underwriters that he who takes care of his business by a well drawn-up contract has a level if not a long head, and, while protect-

ing himself, furnishes better indemnity to his customers.

Skipping over several conditions in the new form, any one of which would furnish a theme for profitable discussion, we come to thirty lines stating how the proof of loss shall be made, and defining the procedure in case of loss. And here is where a marked difference comes in between the old and the new. The old form of policy says, no proofs shall be required, etc.—the oath of the insured shall be sufficient. The new form takes many long lines, stating what must be done to prove that a loss has occurred, and the manner of making claim for the damages. Who will dare to say that all this work and trouble is the simple invention of the underwriters, without good and sufficient cause? No one here present, I dare say! Experience has taught us that dishonest men will take advantage of every thing “thought of and not thought of.”

Thus we see that the oft-repeated assertion of ignorant men—ignorant of the principles that underlie good underwriting—that “the policy contains so many conditions that insurance does not insure,” is easily answered. Gladly would the underwriters go back to the old form, with no condition but the plain contract to pay the loss, “renouncing all cavils and exceptions, protected only by wise statutes against fraud. Could the insured be trusted, firstly—to never set fire to his property for the purpose of defrauding the underwriters; secondly—always to give, honestly and squarely, his exact loss “to the best of his knowledge and belief,” the fire insurance companies would hail the fact with acclamation, and cancel every condition in the policy blanks. Then adjusters, those awfully naughty men, would be dismissed from service, adjusting of losses would cease to be a profession, and the millennium in insurance business would dawn upon a long-suffering people.

I do not think the present age less trustworthy in business relations than the more ancient. Some men pretend to think the world is growing worse every day, in a moral sense. I do not believe it! If simply the proportion of bad to good has been

kept up, the very enormous increase of population since 1794 would make the bad appear more numerous; we meet them oftener, that is all. But we do not notice that we meet, also, more and more of the good and honorable. So in our insurance experience; if we find, oftener than years ago, those who are studying how to defraud and cheat, happily, we also find more men who are honest and square in their dealings, and these almost make us ashamed of the weaker side of human nature that forces us to build such a Chinese Wall of conditions between us and fraud.

How pleasant it is to the adjuster,  
Who has traveled fast, and traveled faster,  
Braving stage and rail disaster—  
Through heat and cold or stormy blast, or  
Rain, or dust, to find at last a—

Whole-souled, honest claimant to deal with; who states only the truth; whose loss settles itself; who can be believed on his oath, and nothing can be alleged against it! And, thanks to the better side of human nature, we often find such men.

And so, repeating the adjusters' oft-repeated truism “that conditions in policies are not intended as protective against honest men, and no honest man needs fear them,” I bow myself out and leave this desk to be occupied, to-day, by men better calculated to instruct and amuse you.

### Legislation and Taxation.

A PAPER BY L. B. EDWARDS, READ AT THE ELEVENTH ANNUAL MEETING OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE PACIFIC, FEBRUARY 16, 1887.

Two years ago I read a paper before this Association upon the subject of Legislation and Taxation. On that occasion I racked my brain for original thoughts, and I presume you, Mr. President, considered the paper a failure, took pity upon me, and thought to do me a kindness by permitting me to write another on the same subject, hoping that I might redeem my reputation. I can conceive of no other reason why I am before you to-day. This time I will not disappoint him by attempting to give any original ideas, but will content myself, and hope to please him, and you too, gentle-

men, by giving a few echoes from papers heretofore read by the members of this and other associations. As I find that Legislation and Taxation have been talked about until there is nothing new or original under the sun to be said upon the subject—a nosegay of culled flowers I bring, with nothing my own except the thing that binds them.

The first paper read before this Association on the subject was at the first annual meeting, held February 20th, 1877. On that occasion Mr. Edward Brown read a paper, very short, and the pith of which was as follows:

As a rule, the State Senators and Representatives, being very rarely chosen from the business ranks of the community, bring to bear on questions brought before them relating to insurance a wonderfully dense and profound ignorance of the real intention and mission of insurance corporations, and too frequently look upon the capital and accumulation of such corporations as their natural prey.

Further on, he says, referring to the burdensome taxes imposed upon insurance companies by some of the States, "Happily the legislators of California are wiser than their brethren of other States, or else not being possessed of equal financial ability have not burdened the business of insurance with such onerous taxes." We presume, however, that friend Brown, at this date, has very much changed his mind relative to the wisdom and financial ability of the recent members of our California Legislature.

At the third annual meeting of this Association, your committee accomplished more than has been done by all of the committees on legislation and taxation prior to or since that date. They drafted an ordinance creating the position of Fire Warden for cities and towns. This report was signed by no less distinguished gentlemen than J. F. Houghton, D. J. Staples and C. Thomas Hopkins. Whether this ordinance was ever adopted by any city or town I know not.

During the second and fourth annual meeting of this Association we had no paper or report from the members of the Committee on Legislation and Taxation, which I consider fortunate.

At the fifth annual meeting, in a letter of apology signed by Mr. W. J. Callingham, Chairman of the committee, we find the following: "The sub-committee of the legislative committee, consisting of Messrs. Dornin and Bromwell, made very able arguments before the committees on corporations of both houses, which I am sure will have great weight when the bills come up for passage." This report, if we will permit our minds to run back to that date, is likely to bring a smile to the countenances of the older members of this Association, for those were lively times in insurance legislation in California.

The most lengthy report on this subject was read by Mr. A. D. Smith at our sixth annual meeting. He begins by saying:

With the premise (in which we have no doubt you will all agree with us) that of legislation, as it goes, the less we have of it the better, your committee congratulate you upon the fact that this is an off year with our Legislature. We are not, as member of sub-committees, compelled to seize our traveling bags and run to the Sacramento boat, because our colleague at the front telegraphs us that the member from Milpitas is weak and wavering, and needs our peculiar method of manipulation to bolster him up.

As a cause for much of the legislation adverse to our interest, Mr. Smith very pertinently puts the question:

Has not a spirit of selfishness caused us to forget the golden rule, and seek the advancement of our own personal interest while disregarding those of our neighbors? In this lack of unity, engendered in selfishness, lies our weakness. Our enemies, knowing this, toss into our ranks the apple of discord and look smilingly on whilst we tear each other to pieces, and then come in and seize and divide the spoils among themselves.

As a remedy, Mr. Smith says:

While thus having dealt in generalities, your committee have a few practical suggestions to offer. To aid us in laying this spirit of selfishness we must secure such legislation as will place us on a common basis. If the local companies are subjected to taxes that are not imposed upon eastern or foreign companies, so modify our laws that the burden may be the same on all. A moderate, uniform tax upon the net premium receipts would accomplish this, and if every State should enact an income tax, every company would pay its just proportion of the several State government expenses, and no more.

Mr. Smith concludes his very able paper with this happy reflection, "And when all

the States have such uniform laws upon their statute books, then the millenium will be at hand and we can all dwell together like brethren in unity."

The next paper read before the Association was by Mr. T. A. Mitchell, at our seventh annual meeting. Mr. Mitchell puts the case of legislation very tersely by saying:

The honest property holder does not ask for the passage of any such absurdities as are before the legislatures of our own and several other States at the present time. The policy contract of to-day gives him indemnity, which is all he wants, and all he pays for; he is satisfied that in cases of loss his claim, if just, will be met honorably, and he bases his opinion on the honorable record of the company that protects him, the same as he does on that of the banker or the merchant with whom he deals. Politicians and their friends (call them the lobby, if you choose) are fully aware of the dangers the underwriter apprehends when the Legislature meets, and they always make the best of such knowledge; for we soon hear of deposit bills, tax bills, and that kind of horrors, the valued policy bill, all being introduced (by request); and in this way are insurance companies made the special target of the friends of legislators. It would almost seem incredible that such attempts should be made to damage, if not destroy, a business of such magnitude and importance.

Mr. Mitchell does not agree with Mr. Smith on the subject of taxing premiums. He says:

We are opposed to a tax on premiums. It simply means that the property owner who wishes to protect himself against loss has to pay a State tax for the privilege of doing so; for if he does not pay it directly, he has to pay it in the shape of increased rate."

At our eighth annual meeting I, as Chairman of the Committee on Legislation and Taxation, read a paper, made up of "original thoughts;" and after a careful perusal of the same, I find nothing worthy of reproduction in this paper.

At our ninth annual meeting, in the paper read by Mr. J. F. Houghton, Chairman of this Committee, he gave us a remedy for the evils arising from State Supervision of insurance, the following:

Your committee are of the opinion that the radical cure for all this annoyance and hindrance to the legitimate business is National legislation. We believe that the Congress of the United States should, in concise and forcible language, declare

to the people the principles upon which this great interest is founded, and establish rules, regulations and conditions, upon compliance with which any corporation organized in any State for that purpose may, so long as solvent, do business in any State of the Union, and be at once relieved of the great variety of requirements which the irregular enactments of the several States impose, and of all the objections which the ingenuity of an Insurance Commissioner can invent.

Commenting upon Mr. Houghton's remedy, Mr. Carpenter said: "I rather doubt whether Congress could pass a law providing that an insurance company might do business in all the States, in opposition to the laws of those States, should they choose to pass it.

At the tenth annual meeting, both Mr. Smith and Mr. Mitchell again found themselves members of this committee, and called upon to write something on the subject. Mr. Smith, again full of self-condemnation, said: "The cause of our trouble lies all within ourselves. We alone are at fault. Selfishness is the rock whereon we meet with our discomfitures. Each of us is striving to obtain some advantage at the expense of our neighbors." Mr. Smith does not tell us that we are any nearer the millenium than we were when he read his paper two years before.

Mr. Mitchell in his second paper gives us solid chunks of advice. The entire paper is worthy to be repeated here, but space and your patience forbid. We quote:

Gentlemen, argument is now out of question—it is needless; the future safety of our business lies in prompt and decided action. One grand united action on our part to make the policyholder understand that any additional taxation, or increase of fire hazard, by any legislation, must come out of his individual pocket, is worth more in defeating obnoxious legislation and taxation than all arguments the ablest Committee of Underwriters can produce.

He then gives us the example of the ten per cent. tax which was added to the tariff rate in Sonoma county, and the five per cent in the State of Nevada by the Pacific Insurance Union, and the action of the companies in withdrawing from Idaho and New Hampshire when the valued-policy law went into force in those divisions of our country.

Mr. President: When I permit my mind

to wander back over the eleven years of our existence and see, in the bright visions of my fancy, how your eleven committees on legislation and taxation have labored and racked their brains, burning the midnight gas, to lay before us, and through us the dear people—and particularly our able and honest legislators—the many and ponderous reasons why we should be permitted to ply our vocation in peace; and then when I turn from that vision, and cast my eyes toward the government seat of our Golden State, and contemplate the effect that all this labor, all this destruction of gas and all this racking of brain has had upon our representatives who are now assembled there, the hand with which I write ceases to perform its functions; my pencil falls upon the table; the paper upon which I write rolls up in seeming disgust, and I fall back in my seat, and the heart within me cries out: 'tis enough, 'tis enough! give me repose.

I presume you are all saying within yourselves that this is a good place to stop; but fearing that I may not have another opportunity to give you a dissertation on the subject of Legislation and Taxation, I shall continue, and try and awaken a few echoes from our afflicted friends in the East, and quote first from the address of Mr. A. W. Spaulding, the President of the Fire Underwriters' Association of the Northwest, at their eleventh annual meeting in 1880. He says:

Without intending to be personal or offensively critical, I believe these valued-policy laws are largely traceable to those companies doing a large farm business upon a system which results in over-insurance in practice, if not in theory. When fires occur, it is found that the policy contains a two-thirds or three-fourths loss clause which, with the over-insurance, produces a salvage, making the adjustment odious throughout large farming districts. This antagonism is generally manifested in succeeding legislatures by representatives of agricultural constituencies, and the ninety and nine companies which have given no offense are punished for the acts of one only.

There are so many good things in the annual proceedings of the Northwest Association to quote from that it is difficult to make selections. The best, however, that I find is a quotation from a message of the

Governor of Kansas to the Legislature of that State. He says:

The State certificate of solvency has proved in the past no security for insurers; and the real security lies, not in the Insurance Department, but in the law which shall prevent any company from paying over 75 per cent. of any proved loss, and thus diminish the present premium on incendiaryism. And I therefore urge upon you the wisdom of a law which shall compel every fire insurance company doing business in this State to make it a plain contract provision of every policy that no more than 75 per cent. of the proved loss of property under it shall be paid, and denouncing heavy penalties and forfeiture of the right to do business within the State against any and every company issuing policies without this provision, or settling losses on any other basis.

I will not attempt to tax your patience further, and will close this paper by quoting from the address of Mr. Cyrus K. Drew, President of the Northwest Association, at its fifteenth annual meeting:

Much has been written about the hostile Legislatures. Some of them treat insurance companies as public enemies. Life is too short to attempt the education of the hay-seed legislator, who, fresh from his rural constituency, seeks political immortality by attacking monopolies. These, to his fevered imagination, consist of insurance and railroad companies. The latter generally manage to subdue opposition by a generous distribution of passes. The average legislator, with an annual pass in his pocket over every railway in the State, becomes at once oblivious to the extortions to which he had called attention in stentorian voice, from every hustings. So far the railroad companies have the advantage of us, but the insurance companies have the matter of rates in their own hands, and should advance them to meet the unwarranted exactions of State Legislatures. If these choose to levy tribute upon insurance companies for doing business in their respective States, let the tax be upon the citizens thereof, with a handsome margin for expenses and contingencies. Instead of spending breath or money in fruitless attempt to educate these half-baked legislators, let us permit them to work their own sweet wills, leaving their dear constituents to foot the bills. This would be poetic justice allied to common sense.

The fire loss ratio in Kansas last year was 40.51 per cent. Frame buildings abound in Kansas, and it is a wind-swept State, but the loss ratios are uniformly low. The average premium rate (1.71) is good, however. The premium income (2,039,295) made only a nominal increase. The German of Freeport, Ill., leads in premiums.

### Our Penitent Brother.

A PAPER BY BRUCE B. LEE, READ AT THE ELEVENTH ANNUAL MEETING OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE PACIFIC, FEBRUARY 16, 1887.

"Of all sad words of tongue or pen,  
The saddest are, 'It might have been.'"

This sentiment warbles through my diaphragm, and seems to permeate my entire system. I look back to the days of my innocence, and I reflect. An unfortunate memory tells me *what* I was before the wily Sexton and the subtle Kinne seduced me into writing fire insurance articles. And—oh, sorrow and desolation!—what I might have been had they not set me to thinking, to reasoning, and finally working to right the wrongs of the local agent and the assured; to considering the present incendiary breeding system of fire insurance, the greed of the managers and the whole combination working to fleece the stockholders and the people. But for

These two "Daisies,"

I might have been pursuing the even tenor of my way, and be just like any of you—happy, and utterly lost to consequences or results. But for them I still would be a guileless innocent, insuring Tom, Dick, Harry and the devil, cutting rates and giving rebates, and taking my premiums out in trade, investing the company's money to my own profit, and taking my 15 per cent. and seeing all the rest of the boys getting 25.

These two devastating old sinners taught me that ours was a noble profession—that we spread the great blanket of indemnity over a helpless people; that the owners of desolated homes would remember us in their prayers, and little children would be taught to lisp the names of Kinne and Sexton. I wanted some of that for myself. I got up neatly framed cards in letters of gold, "God bless our home—insure it with Bruce Lee;" "Insurance is the result of civilization—barbarians have no use for it;" "Insure with Lee."

Only a pansy blossom, growing on sunny slope;  
Yesterday I was a darting daisy,  
But to-day I am a wreck of hope.

Oh, I Had it Bad!

I worked hard; I thought and I wrote; I took all the insurance journals; I devoured with an increasing appetite all the grand letters written for this Association. I even read Bromwell's letter to the Northwestern crowd. You may not believe it—I *read it twice*. I magnified my calling and got proud; felt above all other professions. I searched the Scriptures. I was especially tickled when our Savior went after the lawyers and said, "Woe unto ye lawyers, for ye lade men with burdens grievous to be borne, and ye yourselves touch not the burden with one of your fingers. Ye enter not in yourselves, and them that *were* entering ye hindered." Life was a burden until I quoted this to a legal friend. I gloated over him and over the fact that this "wondrous Man of Nazareth" had never said aught against insurance men. My friend gave me a pitying smile and said: "No; Christ never said aught *against* an insurance man, but he did speak great words of comfort and of cheer, when he said unto that penitent insurance agent, 'Verily I say unto thee, This day shalt thou be with me in Paradise.'"

My brethren, we should frame these words in letters of gold, and hang them in all our offices. We should remember the fate of

Our Impenitent Brother,

for he was a Manager—the penitent one was a Local. I am glad that I am a Local, that I still retain the Local's yielding and forgiving disposition. I am glad that I have found out why it is that the blush of shame will occasionally mantle the cheek of an insurance man. I don't feel proud over my ability to out-blush any of you; but I do rejoice in being the discoverer of this great secret, of being able to trace our genealogy, and do a good clean job. I have always felt that I wasn't built and put on this earth, just for fun. I knew I was bound to develop something, and be a bright and shining light to the insurance fraternity. I am not proud over this. I will *treat you all* just the same—with the company's money. I am, in fact, just as serene; my temperament is just as mild,

and I am just as amiable as a government mule. Thus endeth the prologue.

This is the season of the year, when after the books have been made up, that it is meet and proper that we should indulge in

#### A Little Reflection.

not too much, but just a little. Enough of it to act as a gentle purge that will cleanse us of a *few* of the sinful things we have taken on board during the year. I know that Kinne will be worrying over his rule, and that there is an aching void within him, because Sexton won't talk back. I know that when the day of reclamation cometh and Charles Mason has to figure up the deeds done in the body, that that rule will be like a mill-stone about his neck. I know that Messrs. Mullins, Cofran and Wilson will have told you all about the good Locals, and inspired you with a deep and lasting love for the whole tribe. They know them.

Perry and Faymonville, on Forms of Policies! Great Scott! Mr. President, where had you been and what had you been taking when you put those two together on a committee? It is bad enough for this Association to take a single dose from either, but when you deliberately unite the two, and on such a subject. I am glad I was not present; I am glad I am in no way related to the Clark family. Why, sir, do you know what that fellow, Ferry, did to me? I had been preparing

A Little Retreat in the Country, making ready for the hour when Tom Clunie and the "demnition bow wows" took us all in. I was planting trees and things; growing yaller-legged chickens and fat pigs, and Jersey cream, and "sich." I had taken Harry Naunton out to see it, and Harry was wild; had picked out his vine and fig, and estimated the possibility of stealing a hammock. When we came back to town, Harry threw his whole soul into the descriptive, and was wholesaling it out to a gang of Specials. Ferry among the number. When he had about run down, Ferry chimed in, "Yes, yes," said he, "that's nice; when we come along here tired and worn out, we can run over to Lee's and take a rest, eat figs and cream,

take in the beauties of nature and the wonders of art, look over all of Lee's fine improvements, and see just how he is spending the company's money." Mr. President, the happiest day of my life will be to go to that man's funeral; and charge up \$20 to his company for special work.

But to resume: Chalmers will have been interesting, on Losses and Adjustments; and if he has lost anything himself, none of you will ever find it. Edwards will have been scathing, scintillating, brilliant. What he don't know about this present legislature will remain forever an untold tale. And George Grant will have something funny, but where he will get it from is beyond my ken, for I haven't given him a pointer for a whole year. All of them will be staid, proper and orthodox, and tell you nothing but what is in the books. They are all good boys, true lineal descendants of our impenitent brother. Therefore, it remains for me to tell

#### The Tale of the Past Year.

About the first and most important question that came up for consideration, after the dawn of 1886, was the Local Underwriters' Memorial. The Pacific Insurance Union had assembled in full force and full dress, and had heard it read. It struck the sages about as the Declaration of Independence struck George IV. They were undecided as to whether it was a "Josh" or cold earnest. So they ordered it printed; then each sage read it a time or two, and the result was the appointment of a select committee of seven to reply and report. This committee wrestled with it for a month, and went through all the stages of doubt and uncertainty. A majority held, for a time, that the document was of divine origin; but a strong minority held that Charley Dohrman had got full of beer and dreamed it, and Fogg had run it through his type-writer two or three times and shaped it up. This finally became the fixed opinion of the entire committee. The next question was the framing of a courteous reply. Two or three of them scouted the idea of replying to any communication from a lot of "scalawag locals." One old sage, however, read a list of the members

of the Pacific Insurance Union, and suggested the impropriety of people who dwelt in glass domiciles, throwing any stones. The previous question was moved, and they went for business. The manner in which this rare document was handled will mostly remain a dark mystery. The grand truths contained therein were "crushed to earth," and beaten black and blue; but, as of old, they rose again, and shone with brighter effulgence.

#### The Locals

had solemnly declared that "the agency system, as conducted, had become inefficient and undesirable, and that it was chargeable with a larger percentage of our annual fire waste than all other causes combined." This proposition must be annihilated. We, the managers, must have this present system. It breeds incendiarism; it causes a fraction over one-half of the fires. But if there were less fires, the people would not insure. If there are fewer locals it will lessen the number of specials. A reduction of specials will empty managers' chairs in a corresponding ratio. Four or five of our present offices will be thrown into one. All of which means a decreased expense account; a largely-increased profit, and a cleaner balance-sheet to the companies. They hooted it; but the truth of the locals' declaration stood there all the same — silent, but immovable. The locals next declared "that the elevation and full recognition of the local agent as one of the main factors in the business will result in an increase of the volume of business ['Good!' says an aged sage], a reduction of the loss and the hazard ['Bully!' shouts a son of a sage], an increase of profit ['Hear, hear!' from a trio], a reduction of cost to the assured." "Oh, Helen — Helen Blazes!" yells a rheumatic sage, with a diamond stud, "Where's my hat? Where is the nearest drug store?" And that committee was beautifully less — by one.

The fourth declaration of the locals was a

"Balm in Gilead"

to that remaining six. "Proud victory" perching upon their banners, and "sweet peace pluming her wings" in their respective offices was a soothing vision, and they

glided serenely along until they struck the "tired gleaners," when another sage departed in quest of a forgotten Ruth. He never showed up again. The weary five struggled on to the graded commission, and then commenced a battle which lasted for hours. They belabored this proposition in every conceivable manner; they cursed the man who originated it. But there it stands, clear and bright as the noon-day sun — the only feasible and practical solution to the entire business. They could not answer it; they could not show that it was impracticable — they only felt that it would purify and elevate the business, and accomplish what the field-men and the public wanted. But the business is not run in the interest of that class. On this rock the committee busted. The failure to give a courteous reply to the memorial might be considered a breach of the customs prevalent among gentlemen; the locals, however, do not so consider it. The committee had simply too large a contract; none of them had ever had sufficient experience in the local field, as it is to-day, to be able to handle the subject. Yum, yum!

#### "Our Compact."

The doings of the Pacific Insurance Union, or what we lovingly term "Our Compact," next commands attention. They labored much and brought forth faithfully. The first little simple conundrum was the abolition of the vile credit system. This was received with joy by the hard-working local. The manager now heaves a sigh of relief when he remembers how he begged his agents to remit; how he advanced the premiums to the home office, and then never got them. It is awful easy to get business on the books; to sell goods and charge it up. But, oh! the patience and perseverance, the unceasing toil and waste of time required to clean that infernal set of books! None of that now; all serene. Play, or pay. C. O. D. is the memorandum on the wall. The 20th day of each month sees the preceding month all balanced and paid. No more six and twelve month balances for ye agent to skip out with.

Next in order, if my memory serves correctly, comes the rating of barns and stock.

Many good fat premiums had been lost, and the table of hazards knocked endways, because none but the worst risks had been covered. The best and cleanest we did not write on. No intelligent farmer would insure his private stable, ceiled throughout, in charge of one trusty man, and pay the same rate as on the old barn, with 100 tons of hay and 100 head of animals and twenty hired men. The hazard was not all proportionate. The small farmer, with his team of two horses and one cow, would not pay 2 per cent., and he was right. The grain rancher, with fifty head of horses and mules standing in a barn about three months of the year, and the balance of the time in open corrals and at feed-wagons in the field, could not see it. His conclusion was that insurance was a funny business, and that there was

#### A Lack of Brains Somewhere.

The hazard is governed by the number of animals, as that determines the number of hired men. The number of men, the number of fires, in about the same ratio that the number of agents and specials make things lurid in the same direction. The author of this great reform was a native of the Fiji Islands, which accounts for the prompt action of the Rating Committee, in making the schedule.

The next important move in the rating line, was the making of an extra charge for chimneys not built from the ground. The author of this brilliant proposition is unknown. This is a matter that weighs upon me. I am not an author myself of anything, but I always like to know authors. The Compact passed this, and repealed it in less than a week. I think the intention was to make an extra charge for chimneys less than eight inches thick from inside to outside. But this chap got elevation and depth into his head instead, and thus made a muddle. But election time came upon us, and we all got into politics, or I am satisfied more would have been done. Nevertheless, more was done by that election than some of you are aware of. It was not a contest between the two grand old parties—nothing of the kind. The insurance business has become the all-absorbing sub-

ject. Even Flood and Mackey have abandoned stock deals and gone into insurance, and of course everybody else follows suit. It's a good thing, and we all want some of it. Now, of course, the selection of 80 Assemblymen and 20 Senators who are thoroughly up in the "hazard of general chances," and know all about the business, and who can make a Kate Book that will suit Will Green, and pacify Marc. Boruck, is the real bottom of this election. And we did well. We got Harry Maun and Tom Clunie both in, and with thirty or forty others they are just now making things lively. Insurance legislation is next to the real thing itself, and we can't have too much of it. The Valued Policy law will not pass; it was not a live issue in the campaign, and, besides, Flood don't want it; and Mackey can make up his own values.

#### The License Bill.

But the license bill! That's the little item that wakes us all up. The sum and substance of this measure is that it prohibits any company from issuing a policy, except through a licensed agent. It prohibits any broker, agent or solicitor from soliciting or inviting any insurance, unless he holds a license for the county in which the property to be insured is located. The whole effect of the bill will be to make about two agent for each county. It is, without question, the only proposition ever broached to a legislature that covered the entire ground. With from one to not over three agents in all counties outside of the large cities, there will be no need of much of our expensive machinery. With but one-tenth of the present number of agents, *the quality will improve*. Every man to his own business, is a mighty good thing to paste in your hat. The lack of good, reliable and qualified agents is what's the matter with the Solons in the present legislature. They think it is the compact, or the companies, or the infernal swindling adjusters. No such thing! Wherever you have been decent enough to encourage and permit to live, and a good, first-class agent has grown up and studied the interests of all parties to the contract, you will find a satisfied people. It is the number of agents

that is the root of the whole evil—the bane of your's and the people's existence. But one manager objects to this bill because Tadlock will have a monopoly of Fresno county, and he won't give his company a smell.

Bosh!

Tadlock don't care a continental for you now, because one agent more in forty don't hurt him. But the moment he is sole agent, he has it all—has a nice income, and *will* keep it. He *will* satisfy all of you, and divide up the lines on any basis you may agree upon. If you put in another agent against him, you hurt. He knows what the old fight is, and wants none of it. Tadlock wants smooth water—wants peace—and will give you his whole time for 10 per cent.; and if he won't, somebody else will.

A special objects to the bill because it prohibits him from going into the field and capturing a large block of grain “for his agent.” Right! A special has no business soliciting. There is plenty for him to do; and if he cannot find it, he is not fit for his calling. This bill will largely reduce the number of brokers, and give you a *better and more reliable class*. The less the number, the better control the managers can have. The larger his business, the less commission he will require. It has been reported that this bill was gotten up by the local union. No such thing! It emanated from two prominent specials, and is entirely in the interest of the companies and general agents. We, the locals, have no use for any such law, or, in fact, any law. We favor the present anti-compact bills.

We Want Things Loose;

there is then a chance for an ordinary fellow, with a little brains and rustle, to get away with something. Most of us have enjoyed our 20 and 25 per cent. right through the compact rule. If it “busts,” we will get 40 per cent., and if it lives, we will still be on top. Our commissions are the least of our troubles. We can fix that *too easy*, except with a few old sages, who have been asleep for the last fifty years, and don't know that this is the nineteenth century—

don't know our family history; don't know that the Local is completely and entirely the master of the situation, compact or no compact, law or no law. *But thus endeth the funny business.*

And in conclusion, Mr. President and gentlemen, am I not right? Would there be any sense in my writing you my true thoughts and feelings, any wisdom, in earnestly showing up the evils that beset our calling, or endeavoring to mark out and shape a line of policy, that would place insurance far above all other professions? No, sirs; the question is too broad. It is too much of a Kilkenny-cat fight. Each of you are going for all that there is in it, and if I should throw myself into any deadly breach, none of you would back me. But, nevertheless, a goodly number of you have known me for long years, and know that the “hooks of steel” that bind our hearts together, are “growed in.” If one of you are ever brave enough to make a break, just rely on my following.

### Fire Department and Water Supply.

A PAPER BY A. R. GURREY, READ AT THE ELEVENTH ANNUAL MEETING OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE PACIFIC, FEBRUARY, 17, 1887.

It made me smile the other day, while reading over a description of some of the earliest attempts at apparatus for extinguishing fires. The first mechanical contrivance that was invented, in what year, though, I am sorry to say I do not know, was a squirt or syringe. Their construction was simple. Each squirt was about three feet long, with an aperture at the lower end about half an inch in diameter, and a capacity of about half a gallon. It had a handle on each side, and was worked by three men, two to hold the squirt and one to work the piston. You can imagine such a machine being used at any of our late city fires. Numbers of these squirts were kept by the parochial authorities in London, as the small fire engines were later on.

The First Fire Engine

was invented in Germany, by a man named

STATEMENT OF THE CONDITION AND AFFAIRS  
OF THE

# Southern California

Insurance Co., of Los Angeles, Cal.

On the Thirty-First Day of December, A. D. 1886.

Amount of Capital Stock Paid-Up in Cash, - - \$200,000 00

## ASSETS

Real Estate owned by Company.....	\$ 45,000 00
Loans on Bond and Mortgage.....	127,744 30
Cash in Company's Office.....	2,550 90
Cash in Banks.....	35,883 63
Interest due and Accrued on Bonds and Mortgages.....	3,622 18
Premiums in due course of Collection.....	45,083 06
Bills Receivable, not Matured, taken for Fire and Marine Risks.....	50 00
Due from other Companies for reinsurance on losses already paid.....	1,469 00
Due for placed Insurance Premiums.....	270 00
<b>TOTAL ASSETS.....</b>	<b>\$ 271,679 13</b>

## LIABILITIES.

Losses Adjusted and Unpaid.....	\$ 1,815 62
Losses resisted, including expenses.....	250 00
Gross Premiums on Fire Risks running 1 year or less, \$72,442 18; re-insurance 50	36,221 00
more than 1 year, \$23,500.33; " pro rata	15,117 09
Due and Accrued for Salaries, Rent, etc.....	2,240 50
Commissions, Brokerage and other charges Due and to become Due.....	5,639 88
Due for Re-Insurance.....	5,162 37
<b>TOTAL LIABILITIES.....</b>	<b>\$ 66,726 55</b>

## INCOME.

Net Cash actually received for Fire Premiums.....	\$ 87,832 59
Received for Interest on Bonds and Mortgages.....	16,711 07
Received for Rents.....	648 50
Received for Premiums in suspense.....	272 50
<b>TOTAL INCOME.....</b>	<b>\$ 105,514 66</b>

## EXPENDITURES.

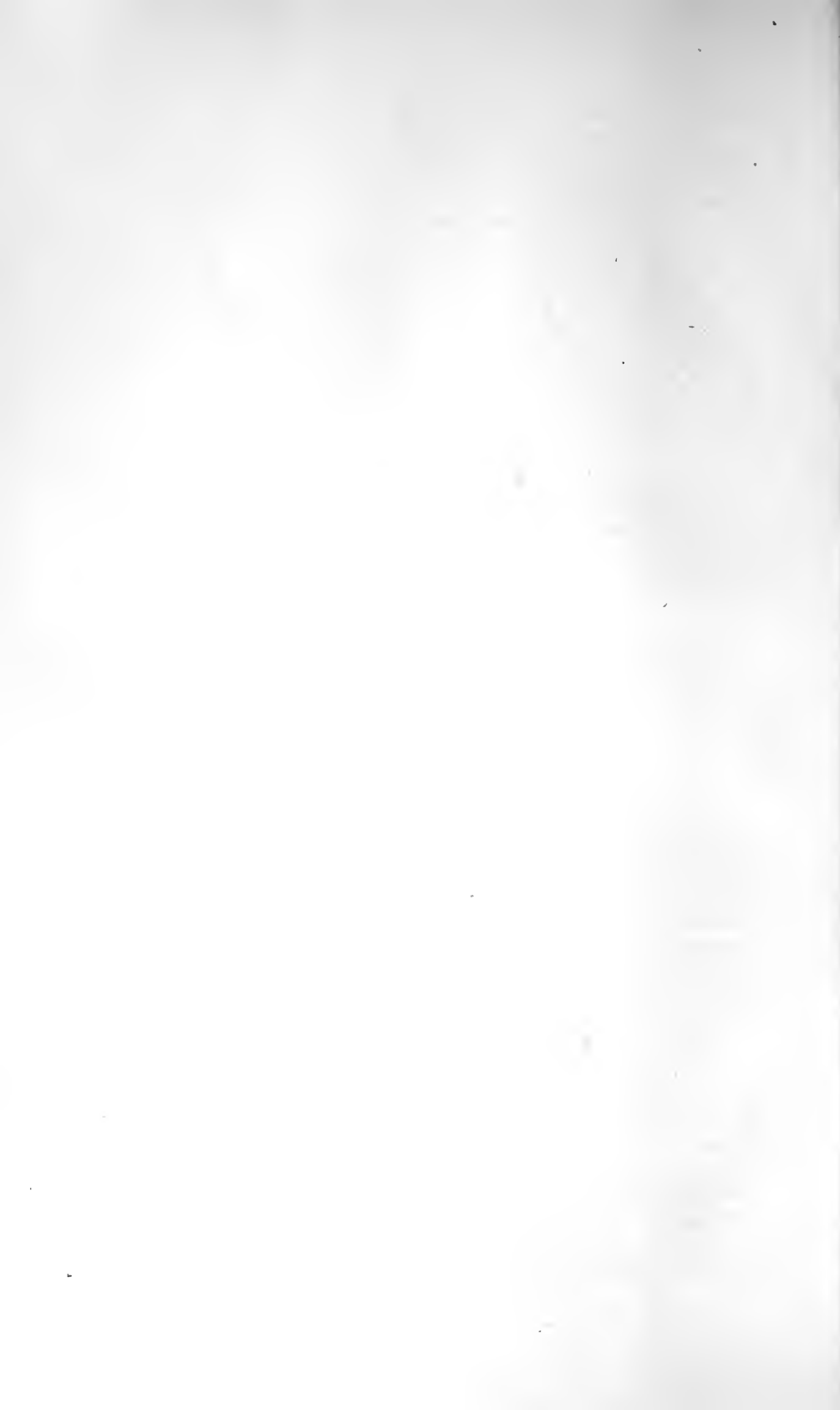
Net amount paid for Fire Losses (including \$1,000, losses of previous year).....	\$ 68,390 85
Dividends to Stockholders.....	2,000 00
Paid or allowed for Commission or Brokerage.....	15,735 57
Paid for Salaries, fees and other charges, for officers, clerks, &c.....	17,026 62
Paid for State, National and local taxes.....	2,330 81
All other payments and expenditures.....	14,945 73
<b>TOTAL EXPENDITURES.....</b>	<b>\$ 120,479 57</b>

E. F. SPENCE, President.

D. E. MILES, Secretary.

San Francisco Office, 405 California St.

JNO. R. HILLMAN, Ass't Manager.



Hautsch, in 1657. It consisted of a cistern, which had, I suppose, to be filled by hand, and a sort of a force-pump that was worked by long levers. When they were introduced into England we do not know, but probably towards the end of the seventeenth century. In France, we find that in the year 1699, Louis XVI. gave an exclusive right to one Duperier to build certain machines, which were called *Pompes Portatives*, and seventeen of them were purchased by the city of Paris. In the year 1722, the number was increased to thirty, which were distributed in different quarters of the city.

In 1668, two years after the great fire of London, we find in an order of the Corporation of London, that the city was divided into four quarters in respect to the suppression of fires, and the regulations enacted throw considerable light on

#### Fire Police System

of the times. Some of them read as follows:

ITEM.—That every one of the said quarters shall be furnished and provided, at or before the Feast of our Lord God next ensuing, of eight hundred leathern buckets, fifty ladders, viz., ten forty-two foot long, ten thirty foot long, ten twenty foot long, ten sixteen foot long, and ten twelve foot long; as also of so many hand-squirts of brass as will furnish two for every parish, four and twenty pick-axe sledges, and forty-shod-shovels.

ITEM.—That all the other inferior companies provide and keep in readiness buckets and engines proportionable to their abilities, of which those least able to provide portable engines to carry upstairs into any rooms or tops of houses; the number of which buckets and engines to be from time to time prescribed and allotted by the Lord Mayor and Court of Alderman's direction.

ITEM.—That every Alderman who hath passed the office of Shrievalty, provide four and twenty buckets and one hand squirt of brass; and all those who have not been Sheriffs, twelve buckets and one hand squirt of brass, to be kept at their respective dwellings; and all other principal citizens and inhabitants, and every other person being a subsidy-man, or of the degree of a subsidy-man, shall provide and keep in their houses a certain number of buckets, according to their quality.

Besides all this and a great deal more, the corporation made an

#### Extraordinary Series of Regulations,

so extraordinary indeed, that we may readily doubt whether they were ever acted on.

For instance, it was ordered that every householder, upon the cry of "fire," was to place a "sufficient man" at his door, well armed, and hang out a light; that every householder was to have a vessel of water at his door in case of fire; that the several companies of carpenters, bricklayers, plasterers, painters, masons, smiths, plumbers and paviours should each provide thirty persons to attend on the Lord Mayor whenever a fire might occur; that all porters and waiters within the city should similarly attend; that all other persons during a fire should keep within their houses, unless expressly sent for by the Lord Mayor; that all brokers on the Exchange should attend to guard the goods and merchandise, together with other and perhaps more practical arrangements.

But, bye and bye, when the fire insurance companies began to come to the front,

#### A Decided Change

was seen in the facilities for extinguishing fires. At first, each insurance company owned its own engines and maintained a fire company. In 1808, Sir Frederick Morton Eden, chairman of the Globe Insurance Company, suggested that the various insurance companies should work in co-operation in order to save expense, but only one company fell in with the idea, and so it was dropped. Seventeen years after, the Sun, Union and the Royal Exchange, and later, the Atlas and the Phoenix united their fire engine establishments. In 1833, most of the companies seeing the benefit of co-operation, pooled their issues. The companies were the Alliance, Atlas, Globe, Imperial, London Assurance, Protection, Royal Exchange, Sun, Union and Westminster, and subsequently the British, Guardian, Hand-in-Hand, Norwich-Union and Phoenix joined the establishment, and thus the nucleus of the present fire department of London was formed. In 1862, owing principally to the growing expenditure, the offices determined to give up the establishment, but offered to transfer it on liberal terms to any authority the constitution of which should be approved by the government and the companies. Eventually the companies transferred free of charge, to the

The Metropolitan Board of Works, the whole of the property, further agreeing to contribute annually a sum equal to £35 per million on sums insured within the metropolitan area, estimated to yield £10,000, the treasury to contribute £10,000, and a metropolitan rate to provide £30,000, £50,000 in all. In 1865, this became law, and with some few modifications is still in force.

But to pass to the present time of electric and steam fire apparatus and the Holly system of distributing water.

The department and water supply of San Francisco was so fully discussed last year in the daily papers, that it would be useless for me to go over the ground afresh.

In regard to the smaller

#### Country Towns in California,

it seems to me as if we were apt to pay too much attention in making our rates to the fact of a town having a fire department, or not having one. Although I should be loth to say anything to discourage protection, yet it would almost appear from our losses that a more just way would be to take the previous record of the town—if it is old enough to have one—to calculate our rates on. For instance, take our coast towns, Ventura, San Diego, Hueneme, Lompoc, Monterey, Santa Monica, where they have little or no protection, and compare them with most of our inland towns that we consider have fair departments, as Merced, Modesto, Visalia and Bakersfield, and what company would not be willing to write on risk in the former at far lower rates than in such as the latter towns, although rather the reverse appears to be the rule?

Of course, the record of a town shows the general moral hazard—that quantity that we all find so difficult to estimate.

We know that the main reason why country departments, as a rule, are so inefficient is because they do not get enough practice, and the members too often join in order to waive jury duty, and are not to be calculated on in time of need.

J. Griswold is now the associate editor of the *Montreal Insurance Chronicle*.

## Portland Correspondence.

PORTLAND, OR., February 26, 1887.

### EDITOR COAST REVIEW:

Bill No. 176 has become a law; Governor Pennoyer would not sign it, nor veto it. Its provisions might be better; but we consider we did well to get off as lightly. The *Oregonian* thus expresses its opinion of the law:

#### The New Insurance Act.

It is singular that Oregon should go to the decayed State of Nevada for a copy of an act to regulate an important branch of commercial business; but in case of the insurance bill, just passed, it has done so. And the adaptation of the bill from the law of Nevada is quite slovenly and crude. But the bill will make no great changes from the present system. The main thing that will interest the insured is the fact that policies are no longer to be stamped. License fees, issuance of certificates, etc., will probably make an aggregate tax of \$3,000 a year on insurance companies doing business in the State, 40 per cent. of which will go to the Secretary of State, who is to act as Insurance Commissioner. The State Treasurer already receives some \$3,000 a year for keeping the deposits of the companies.

Under the new law, all companies must pay additional tax of \$50 annually; brokers, \$60 annually. The \$50,000 deposit for foreign companies stands; and, furthermore, they must have \$200,000 actually paid up in some one of the States. The Commissioner shall, in determining liabilities, calculate the re-insurance reserve by taking 40 per cent. of the premiums received on all unexpired risks having less than one year to run, and a *pro rata* premium on all policies having more than one year to run, charging same as liabilities. Home companies are only called on for \$50,000 paid-up capital. Life companies must pay an annual tax of \$100. The law goes into effect July 1st.

The State and the Northwest wildcats fought against the deposit repeal, and succeeded; and reduced the paid-up capital requisite for home offices from \$200,000 to \$50,000. The "Oregon," though, did not stand in with these "other fellows," as the repeal would have given them a wider scope of agencies.

I am reminded that Secretary Hall wants me to ask you to please correct the state-

ment made by you in the February issue, that the Oregon had withdrawn from California. Hutchinson & Mann represent it.

#### Proposed New Company.

Had the deposit law been repealed, a company with "\$500,000 paid up capital," strongly anti-compact, was going to start up. In fact, the projectors had policies printed. There is still considerable talk of such an institution forming, but I doubt very much if anything will come of it now. The talk of some of the proposed stockholders was very wild; one of them said to me they were going to sweep everything before them—smash the compact here, and then open deadly warfare on the association in California. Talk is cheap. One of the heaviest stockholders in the "Oregon" wanted them to add this additional capital to their company, and do a legitimate business; but no, nothing but anti-compact would suit. There is also some talk of a prominent insurance firm organizing a new local company, of which they are to be managers; but the matter has, I believe, taken no definite shape yet.

#### The Bachmans.

A writer from New York to a weekly paper here, says he saw Joe Bachman and his fugitive brother Addie at a recent performance of "Jim, the Penman," in New York city, possibly, as he says, taking notes for future operations. The following decision by Judge Deady, recently, is about the close of that disgraceful episode. Taylor, the plaintiff, bought up a claim of \$1,000:

In the U. S. Circuit Court yesterday, Judge Deady denied the motion for a new trial in the case of Joshua Taylor v. Fleckenstein and Silverstone. Defendants signed a bond to secure the release of Joe Bachman from arrest in a civil action brought by the plaintiff to recover the sum of \$1,000, with interest and costs, whereby they undertook and obligated themselves not only that said Bachman would render himself amenable to the process of court during his trial, but also that in case said Bachman did not pay any judgment rendered against him they would pay the same. Bachman was discharged upon this bond, and a judgment was rendered against him, which he did not pay, being insolvent. Suit was then commenced against defendants, and judgment secured against them for the amount due. They claimed that the bond given was only a bail-bond for the appear-

ance of Bachman, and not to obligate themselves for the payment of the debt, and testified that they signed the bond without having heard it read or knowing what it contained, and petitioned for a new trial. Henry Ach and his clerk testified that the bond was read to the defendants. The court, in denying the petition, held that it is no defense in an action on a writing that the defendant was misled or misinformed as to the contents or effect of the same, unless it also appears that he was incapable of reading and comprehending the writing for himself, or that he was imposed upon by some fraudulent device, or by the substitution of one writing for another.

#### Items.

Prindle's trial comes off on March 3d. His chances are good for a severe sentence.

Specials Hall, Macdonald, McHenry, Young, Outcalt and Gardner are all busy overlooking this Northwestern circuit.

The Bull Run water scheme is killed for the present. Our obstinate Governor murdered it with his veto.

We are happy in not having any fires to report.

The Oregon recently declared an annual dividend of 7 per cent.

The Aetna and several other companies were, I understand, all ready to enter the lists up here, had the deposit law been repealed.

The names of D. P. Thompson and Frank Dekum, two of our wealthiest and shrewdest capitalists, are mentioned as taking a prominent part in the formation of the intended \$500,000 fire-eater.

F. V. Andrews & Co. do not wish it to be forgotten that they are doing a heavy business for the New York Life.

Rev. Donald Ross says the popularity of the Pacific Mutual continues to increase in such a way as to give him all he can do; and Agent Fay, of the Washington, is feeling happy, for policies are pouring in on him from all his agents throughout this upper country. N.

#### Fire Companies' Figures.

The following table gives the premiums for 1885, the premiums and loss ratio for 1886, and the net surplus on January 1, of nearly all the fire companies operating in this field. Interesting comparisons may be readily made:

## LOCAL COMPANIES.

	Prem's. 1885	Prem's. 1886	Loss ratio.	Net surplus
Anglo-Nevada.....	\$3,936	\$372,719	27	\$33,556
California.....	338,957	445,659	56	132,581
Commercial.....	354,490	361,181	67	62,411
Firemans Fund...	842,646	983,813	55	344,947
Home Mutual.....	487,747	325,020	36	253,755
Oakland Home....	148,553	199,741	49	21,687
State Investment..	146,778	226,275	65	2,423
Sun.....	207,972	244,130	56	38,177
Union.....	431,487	521,946	59	120,790

## OTHER-STATE COMPANIES.

	Prem's. 1885.	Prem's. 1886.	Loss ratio.	Net surplus
Ætna.....	\$2,554,267	\$2,642,750	54	\$3,450,221
Agricultural.....	737,824	732,833	44	230,682
Amazon.....	165,705	215,827	54	118,760
American (N. Y.).	245,537	276,486	39	701,273
American (N. J.).	369,283	390,107	42	902,030
American (Pa.)..	1,014,560	1,205,805	56	552,874
Am. Central ....	486,284	517,069	54	222,542
Boylston.....	270,585	266,409	66	166,033
Clinton .....	236,225	241,035	50	50,281
Concordia.....	327,303	317,118	59	62,840
Connecticut. ....	919,434	925,438	54	424,871
Continental.....	3,159,637	2,976,115	57	1,374,857
Fire Ass'n (Pa.)..	1,540,736	1,530,719	59	939,563
Firemans (Md.)..	113,044	113,817	71	119,915
Firemens (N. J.).	281,984	303,149	55	828,830
Franklin (Pa.)...	488,455	495,975	49	967,848
German (Ill.)....	1,126,149	1,228,224	49	255,850
Ger. Am. (N. Y.).	1,992,665	2,127,863	49	2,344,273
Germania.....	1,177,441	1,063,080	48	638,084
Girard.....	330,124	360,143	37	602,485
Glens Falls.....	564,333	560,451	62	768,661
Hartford.....	2,308,668	2,350,372	53	1,789,937
Home.....	3,574,417	3,541,608	57	1,413,795
Howard.....	301,488	405,779	52	81,393
Ins. Co. N. A....	3,543,158	3,468,022	77	2,530,329
Ins. Co. State Pa.	187,139	195,113	76	192,040
Merchants (N. Y.)	198,385	267,391	64	78,377
Merchants (N. J.)	577,037	544,425	56	423,259
Michigan.....	137,808	161,770	54	64,873
National (Conn.)	490,453	517,630	49	563,469
Niagara.....	1,464,104	1,500,661	57	489,340
Orient.....	571,120	622,362	69	132,887
Pacific.....	309,642	211,697	63	362,921
Penn. (Phil.)....	910,236	901,254	56	1,227,426
Phoenix (N. Y.)...	4,883,963	5,553,877	64	597,087
Phoenix (Conn.)..	2,042,833	2,137,077	56	1,022,346
Providence-Wash	778,612	770,819	60	113,677
Security.....	305,531	307,134	64	100,716
Springfield.....	1,603,366	1,566,403	53	679,821
St. Paul.....	676,266	898,777	57	348,676
Ten-tonia.....	138,741	136,901	57	93,874
Traders.....	481,858	509,901	54	503,124
Union (Pa.).....	401,564	465,565	67	30,887
Washington.....	948,113	1,150,755	64	127,819
Westchester.....	746,908	899,760	54	310,511
Williamsb'gh Cy.	622,294	536,774	45	563,246

## UNITED STATES BRANCHES.\*

	Prem's. 1885.	Prem's. 1886.	Loss ratio.	Net surplus
British America..	\$619,666	\$615,011	68	\$388,398
City of London..	517,306	556,164	66	355,608
Com'cial Union..	1,898,069	1,954,595	57	997,377
Fire Ins. Ass'n..	760,960	750,831	67	385,832
Guardian.....	679,826	726,158	55	795,317
Hamb'rg-Bremen	779,524	796,836	51	509,894
Imperial.....	1,022,651	1,011,815	66	800,721
Lancashire.....	1,178,144	1,175,887	60	619,154
Lion.....	370,075	386,764	60	554,960
Liverpool & London & Globe..	3,553,506	3,686,553	56	3,077,539
Lon.&Lancashire.	998,285	995,264	67	622,041
Lon. Assurance..	685,279	702,680	51	943,534
North British & Mercantile....	1,693,082	1,756,784	53	2,013,106
Northern.....	832,961	832,158	56	766,755
Norwich Union..	753,124	753,665	57	662,592
Phoenix.....	1,814,705	1,400,519	59	638,033
Queen.....	1,321,395	1,483,160	51	740,910
Royal.....	2,453,217	2,453,085	58	2,329,552
Scottish Union..	374,744	414,646	48	1,040,404
Sun Fire.....	1,161,169	1,026,640	68	549,206
Transatlantic....	250,704	215,826	63	344,758
United Fire.....	822,279	1,131,481	52	430,020
Western.....	905,101	924,017	64	425,672

\*Reporting to New York Department.

## Good Will of an Agency.

The well-known case of the Fire Association of Philadelphia against John H. Law & Co., the former general agents of the company at Cincinnati, was tried in the United States Circuit Court in that city last month, and the jury, under instruction from Judge Jackson, brought in a verdict for the plaintiffs. The case will be taken to the Supreme Court. The history of the case is as follows: In the summer of 1885 the Fire Association discontinued its general agency at Cincinnati, and instructed the sub-agents to report to the home office in the future. The general agents, Law & Co., claimed damages for the diversion of the good will of the sub-agents, and withheld the premiums due the company. It was claimed that the general agents, before and after their engagement with the Fire Association, had selected and trained a corps of local agents; and that therefore the Fire Association, in terminating its relations with the general agents, had no right to treat with the sub-agents as the agents of the company, and to direct them

to report their business direct to the home office. Suit was then brought to recover the withheld premiums. The Ohio Supreme Court decided that Law & Co. had made out their case and were entitled to damages, which amount might be set against the company's claim. The U. S. Circuit Court has reversed this ruling. Following is Judge Jackson's opinion in the case:

Without attempting any definition of what constitutes the "good will" of a business, the shadowy right of property called in some cases "incorporeal personality," and which no Judge has ever succeeded in defining with accuracy, I simply state in connection with the case that in the opinion of the Court this right of property, designated or described by the term "good will," has no existence in the relation of master and servant, employer and employé, or principal and agent; that it does not have, and cannot have, any application to that class of cases.

But suppose it did? Then what is the transaction between the Fire Association of Philadelphia and Law & Co., whom that association selected as its general agent? Assuming that Law & Co. had what is called a "good will" in connection between themselves and their local agents, and by express contract with the insurance company they agreed to employ those agents, or to have them appointed as sub-agents of the insurance company, that, based upon a valuable consideration, was a contract upon the part of Law & Co. to assign that "good will" for the benefit of the plaintiff, the insurance company. It was not limited as to time, nor was it confined to the duration of their general agency.

For a consideration thus allowed them by the insurance company, the defendants thus placed themselves in the attitude of vendors of the "good will" they had in their connection or association with the local agents, if any such good will existed. Under the arrangement between them, they conceded it to the Fire Association of Philadelphia, and said, "You may have and exercise this right which we will manage and supervise for you for a consideration of twenty-five per cent. of all the premiums you receive in that business." No limitation or restriction was placed on the right of the Fire Association to employ or retain the services of such local agents. There was no stipulation that this employment of the sub-agents should be limited to the period of the general agents' employment. The services of these local agents in whom the defendant now claims a property right, called "good will," were transferred, so far as defendants could transfer them, to the plaintiff without qualification or reservations, so far as the plaintiff's business was concerned. Under that aspect of the case, if the law relating to "good will" have any application to the suit, it

seems to the Court that Law & Co. were the parties who could not violate that arrangement.

While the question of bad faith does not necessarily arise in the present case, it appears to the Court that both parties have been very diligent in trying to hold their business. There is no more bad faith on the part of the Fire Association of Philadelphia than existed on the part of Law & Co. when the latter sought, with their contract still in force, to have the policies of the Fire Association transferred to their other companies. They did this during the running of their agency. It seemed to be, on both sides, considered as a race of diligence for the employment of these agents and the business they represented. But without attaching any importance to that consideration, or to the point that if any good will or right of property belonged to defendants in the connection they had with the local agents, such right was, for a valuable consideration, transferred to plaintiff, the Court is clearly of the opinion that the law of "good will" has no application to this case; that the defendants had no such property right in the employment and service of the sub-agents as would render plaintiff liable for employing them or retaining them in its service after the termination of its agency. On terms mutually acceptable, the company engages Law & Co. as their general agents; these general agents are compelled, in order to transact and manage the business contemplated by the parties, to select for the Fire Association sub-agents in each and all the localities designated as their territory.

These sub-agents, in the opinion of the Court, are the agents of the Fire Association of Philadelphia. They could not be otherwise under the laws of Ohio and Indiana, requiring their appointment as representatives of the company. It is true, as a matter of agreement, that their compensation is to come out of the general agent, or the allowance made to the general agent and that the general agent guarantees the faithful performance of their duties, so far as payment of premiums is concerned.

But that is wholly immaterial. They are still agents of the Fire Association of Philadelphia, selected by defendants, but deriving their authority directly from the plaintiff, by whom they are appointed and commissioned. When Law & Co.'s agency was revoked that revocation did not, in law, recall or revoke the agency of these substitutes or sub-agents in the different localities; they continued to be the agents of the Fire Association of Philadelphia, and there was no impropriety on the part of that association in soliciting them to continue that relation, nor did such solicitation involve any breach of defendants' rights, or subject the plaintiff to any legal liability towards the defendants.

The Philadelphia compact is still incubating. The Philadelphians are nothing if not slow.

### New Zealand Correspondence.

#### A GOOD STORY RE ANGLO-AMERICAN INS. CO.

CHRISTCHURCH, N. Z., January 26, 1887.

EDITOR COAST REVIEW:

A special hazard in New South Wales had been declined by all companies doing business there. On the advent of Anglo-American Ins. Co. the owner of the property went down and proposed to insure with them, stating the risk had been declined by a number of companies who did not care for it. A "director" of the Anglo-American was in the office and put a number of questions to the proposer, at the end of which he remarked, "Well you've a good, honest-looking face, and I guess we'll take the risk." Within a week the company had disappeared, and the premium from the man with the "honest looking face" was one of those the director took with him when he followed the company's example.

The said company had a line of £2,000 on Cameron's tobacco factory, burned in Sydney about three months since. As that factory is owned by American capitalists, the loss must be all the harder to bear.

Lloyd's lost £9,000 by the recent Dunedin fire.

W. D. MEARES.

### An Oregon Surety Decision.

The United States Circuit Court for the District of Oregon rendered a decision on February 21, in the case of Joshua Taylor v. Henry Fleckenstein and Julius Silverstone, bondsmen of the Bachmans. Following is a digest of the decision:

CONTRACT TO PAY THE DEBT OF ANOTHER.—B. being under arrest in a civil action, the defendants, at his request, and without any demand from or communication with the officer having him in custody, executed a writing under seal for his discharge in which they undertook, among other things, that in case a judgment passed against B. and he failed to satisfy the same, they would, in consideration of which the plaintiff directed him to be discharged, which was done. Afterward judgment was given against B., which he failed to pay, being insolvent, whereupon the plaintiff brought this action on the undertaking for the amount of the judgment, and the jury, under the instruction of the court, that if the agreement to

pay the judgment was knowingly and voluntarily entered into by the defendants, it was valid and binding, having found a verdict for the plaintiff, the defendants moved for a new trial for error in the instruction. *Held*, That the contract not being prohibited by statute nor contrary to public policy, was valid. (a) The discharge of B. from arrest without the delay allowed by statute for the justification of bail for his appearance was a sufficient consideration therefor; and (b), the writing containing the agreement being under seal, imported a sufficient consideration for the same until the contrary is shown.

SIGNING A WRITING WITHOUT READING IT.—It is no defense to an action on a writing that the defendant was misled or misinformed as to the contents and effect of the same unless it also appears that by reason of some disability he was incapable of reading and comprehending the writing for himself, or that he was imposed on by some fraudulent device, as the substitution of one writing for another.

### "Read This, Then Lie Again."

The infamous Oregon felis catus, the State Ins. Co., sends us a local paper containing a "puff" of the company. On the margin opposite the marked article there is written, contrary to the postal laws, "Read this, then *Lie* again!" This is positively painful, for there seems to be an intimation that we have lied about the State Insurance Co. That capital "L" and the emphasis of italics are terrifying. If the managers of the State will only prove that the COAST REVIEW has erred in any particular in its statements of facts which go to prove that the company is a villainous fraud, we shall cheerfully correct the error; but we cannot notice any mere newspaper puff or general denial of the numerous charges of misrepresentation as to capital and business, of high premium rates, of extortionate cancellation rates, of partial payments of just claims, and of cheating and "skulduggery" generally. The managers have never given satisfactory evidence of the possession of the capital and assets claimed, nor of the transaction of business alleged. The Oregon insurance statutes do not require such evidence nor provide for an investigation of any doubtful company's resources. In the absence of protective legislation, the State Insurance Co. can safely make the most absurd pretensions and peddle its sham insurance in any

community so unsophisticated as to credit such pretensions as to security. The indemnity offered by the State Insurance Co. is dear at any price. We venture to say there is not a bank in Oregon which will accept a policy of the company on any mortgaged building. It is only a foolish local pride and the audacity of the managers which enable the State Insurance Co. to survive a day the bad record it has notoriously made.

### Life Companies' Assets.

Companies.	Jan. 1, 1886.	Jan. 1, 1887.
Mutual, New York.....	\$108,431,779	\$113,679,962
New York, New York.....	66,515,406	74,921,927
Equitable, New York.....	65,547,594	74,332,973
Conn. Mutual, Hartford..	54,383,650	55,702,494
Mutual Benefit, Newark..	39,625,995	40,816,516
Etna, Hartford.....	30,499,508	31,463,988
Northwestern Mutual, Milwaukee.....	24,265,257	26,648,074
New Eng. Mutual, Boston.	17,831,141	18,627,081
Germania, New York.....	11,485,389	12,310,636
Manhattan, New York....	11,155,827	11,310,058
Travelers, Hartford.....	8,417,038	9,111,590
Washington, New York...	7,804,407	8,169,614
Union Mutual, Portland..	6,109,619	6,124,717
United States, New York..	5,473,424	5,633,138
National, Montpelier.....	3,530,569	3,897,722
Union Central, Cincinnati	2,731,905	3,223,395
Pacific Mutual, San Farn..	1,325,755	1,498,621

### San Francisco Agency and Office Business.

Following is a table of the fire premiums and losses of the agencies and offices in this city during 1886, for the Coast. Many agencies have run up or down—mainly up—in the scale of ratios, as compared with their experience for 1885:

	Premiums.	Losses.	Ratio.
Wm. J. Dutton,			
Two companies.....	\$343,404	\$184,397	53.7
Brown, Craig & Co.,			
Four companies.....	338,680	191,125	56.4
Jacobs & Easton,			
Ten companies .....	325,882	243,911	74.8
Geo. D. Dornin,			
Four companies .....	310,109	178,672	57.6
Balfour, Guthrie & Co.,			
Four companies .....	297,376	149,740	50.3
Home Mutual Insurance Co..	294,323	104,237	35.4
Dickson and Macdonald,			
Five companies.....	293,507	138,670	47.2
Chas. D. Haven,			
One company.....	288,478	153,648	53.3
State Investment Ins. Co....	258,711	138,260	53.4

	Premiums.	Losses.	Ratio.
Tom C. Grant,			
Two companies.....	252,521	101,799	40.3
Hutchinson & Mann,			
Eleven companies .....	239,668	122,152	50.9
A. E. Magill,			
Home & Phoenix.....	239,270	107,452	44.9
C. F. Mullins,			
One company.....	229,659	112,814	49.1
Anglo-Nevada Assur'nce Corp	209,384	56,220	26.8
Geo. Boardman,			
One company.....	187,733	90,492	48.2
Belden & Cofran,			
One company.....	185,896	66,973	36.0
W. J. Callingham,			
Two companies.....	178,840	159,076	88.9
L. L. Bromwell,			
Two companies.....	173,630	86,219	49.0
Falkner, Bell & Co.,			
Three companies.....	172,533	107,835	62.5
Butler & Haldan,			
Three companies.....	170,138	101,238	49.9
Ed. E. Potter,			
Five companies.....	163,110	71,123	43.6
Manheim, Staples & Co.,			
Three companies.....	152,774	95,160	62.3
Speyer & Herold,			
Two companies.....	145,897	62,713	43.0
W. F. Blood,			
Two companies.....	144,755	68,038	47.2
Union Insurance Co.....	140,640	39,985	28.4
Chas. A. Laton,			
Two companies.....	126,376	66,741	52.8
Wm. J. Landers,			
One company.....	111,189	42,979	38.6
Southern California Ins. Co..	103,221	68,391	66.2
Hugh Craig, one company...	95,631	47,424	49.6
Gutte & Frank,			
Three companies.....	91,447	22,052	24.1
Smith & Moody,			
Four companies.....	89,735	52,990	59.1
Harry W. Syz,			
Two companies .....	84,868	49,361	47.5
H. M. Newhall & Co.,			
Three companies .....	82,980	59,591	71.8
Walter Speyer,			
One company.....	76,048	39,052	51.3
Thos. A. Mitchell,			
Two companies.....	80,994	58,046	71.6
Hirschfield & Jacoby,			
One company.....	51,752	23,721	45.0
Cesar Bertheau,			
One company.....	49,914	15,412	30.8
J. M. Philip,			
One company.....	48,226	65,148	135.0
Geo. Marcus & Co.,			
One company.....	38,093	21,992	57.7
A. C. Donnell & Co.,			
One company.....	25,072	12,591	50.0
J. W. Mailliard,			
One company.....	17,176	14,500	84.4
Jos. C. Jennings & Co.,			
Three companies.....	13,975	19,298	138.1

### The Southern California Insurance Co.

We print elsewhere the second annual statement of the Los Angeles company, which was organized in 1885. The total assets on the first of the present year aggregated \$271,679. The liabilities, exclusive of capital, were \$66,726, leaving the net surplus about the same as a year ago. The premium receipts were \$87,882, and the losses \$68,390. This large loss ratio of 77.7 per cent. is partly owing to the extraordinary fires in this State last year, but the main responsibility for the high loss ratio lies with the incompetent management with which the Southern California was afflicted from the start and until August last. The new management has been busily engaged in revising the business and appointments of the Sigler management. The weeding-out process enables the company to begin the year with little or no handicap, and therefore with a good outlook for a prosperous year. There is a clean net surplus, a paid up capital of \$200,000, and an inviting home field in which the company is assured of the choicest risks. A much larger territory will be covered in the future, thus insuring that wide distribution of risks which is an essential condition of safe and prosperous growth.

### The Mutual Life Insurance Company.

In noticing the forty-fourth annual statement of the Mutual Life Insurance Company of New York we shall indulge in no "puffing." Indeed, that sort of stuff is not allowed space in the COAST REVIEW. We imagine that all its enterprising readers want the facts about any company, briefly stated, without superfluous adjectival adornment or disfigurement. Everybody is interested in the progress of the Mutual Life, and every reader will thank us for summarizing the principal figures and features of the company's statement for the year ending December 31, 1886. How much did the company gain in assets, did you say? The respectable little sum of \$5,272,996, the presents assets being now \$114,181,963. The surplus, computed at

the New York standard of  $4\frac{1}{2}$  per cent., is nearly \$14,000,000, or over a million dollars more than the surplus of the Bank of England. These figure are very impressive, and they constitute one of the best arguments for legitimate or old-time life insurance. They represent integrity and ability of management, security, and public confidence.

The premium income was \$15,634,721, a gain of \$865,819; and \$13,129,104 was returned to policyholders in endowments, death losses, dividends and for purchased policies. The death losses were considerably less than for the previous year, notwithstanding the net increase of 8,975 in policies in force. The new risks assumed in 1886 amounted to \$56,832,718, an increase of over \$10,325,579. The total risks in force gained \$24,794,733, the total being \$393,809,203.

Since its organization in 1843, the Mutual Life has received \$301,395,206 in premiums, and has returned to policyholders \$243,625,366, which, added to the assets held in trust for them (a total of \$357,807,329), is \$56,412,123 more than the policyholders have paid to the company. That \$56,000,000 represents the gain secured by good management, and it furnishes excuse for the use of high-sounding adjectives to any writer who fancies his readers or the managers delight in that kind of taffy.

On the Pacific Coast the Mutual Life, under the management of General Agent Forbes, is, of course, in the lead, having over \$13,000,000 of insurance in force in California alone. California claimants received \$327,863 last year.

LOS ANGELES, CAL., Feb. 19, 1887.

My COAST REVIEW for February has not come to hand, though others for Los Angeles were received yesterday. I value the REVIEW so highly that I should be sorry to lose any number—least of all that for February.

LOUIS K. WEBB,

Ag't Northwestern Mutual Life Ins. Co.

GILROY, CAL., Feb. 15, 1887.

I have found the COAST REVIEW so valuable the past year that I enclose W. F. & Co. money order for \$3, to cover my renewed subscription from March, 1887, to March, 1888.

M. S. NISWANDER.

# STATEMENT

OF THE

## Mutual Life Insurance Company, of New York.

RICHARD A. McCURDY, President.

For the Year ending December 31, 1886.

ASSETS .....\$114,181,963 24

### Insurance and Annuity Account

	No.	Amount.		No.	Amount.
Policies and Annuities in force			Policies and Annuities in force		
Jan. 1st, 1886.....	120,952	\$368,981,441 31	Jan. 1st, 1887.....	129,927	\$303,809,202 88
Risks Assumed.....	18,673	56,832,718 95	Risks Terminated.....	9,698	32,004,957 40
	139,625	\$425,814,160 26		139,625	\$425,814,160 28

### Revenue Account.

Dr.		Cr.
To Balance from last account.....	\$99,865,644 11	By paid to Policy-Holders:
" Premiums.....	15,631,720 66	Endowments and Purchased
" Interest and Rents.....	5,502,456 01	Insurances.....\$4,908,729 61
		Dividends and Annuities... 2,727,454 13
		Deceased Lives..... 5,432,920 00
		\$13,129,103 74
		" Other Disbursements:
		Commissions and Commuta-
		tions.....\$1,732,632 83
		Taxes..... 277,169 85
		Expenses..... 1,091,613 91
		\$3,101,416 59
		" Premium on Stocks and Bonds Pur-
		chased..... 52,566 14
		" Balance to new account..... 104,719,734 31
	\$121,002,820 78	\$121,002,820 78

### Balance Sheet.

Dr.		Cr.
To Reserve for policies in force and for risks		By Bonds secured by Mortgages on Real
terminated.....\$108,460,120 25		Estate.....\$50,118,949 66
" Premiums received in advance..... 78,274 84		" United States and other Bonds..... 42,071,641 00
" Surplus at four per cent..... 5,643,568 15		" Loans on Collaterals..... 6,172,917 25
		" Real Estate..... 10,591,286 32
		" Cash in Banks and Trust Companies at
		interest..... 2,306,203 08
		" Interest accrued..... 1,166,870 65
		" Premiums deferred and in transit..... 1,565,117 28
		" Sundries..... 188,978 00
	\$114,181,963 24	\$114,181,963 24

I have carefully examined the foregoing statement and find the same to be correct.

A. N. WATERHOUSE, Auditor.

From the surplus above stated, a dividend will be apportioned as usual.

NEW YORK, January 24, 1887.

### BOARD OF TRUSTEES.

SAMUEL E. SPROULLS,  
LUCIUS ROBINSON,  
SAMUEL D. BABCOCK,  
GEO. S. COE,  
JOHN E. DEVELIN,  
SEYMOUR L. HUSTED,  
RICHARD A. McCURDY,  
JOHN C. HOLDEN,  
HERMANN C. VON POST,  
ALEXANDER H. RICE,  
F. RATCHFORD STARR,  
FREDERICK H. COSSITT,

LEWIS MAY,  
OLIVER HARRIMAN,  
HENRY W. SMITH,  
JOHN H. SHERWOOD,  
ROBERT OLYPHANT,  
GEO. F. BAKER,  
JOS. THOMPSON,  
DUDLEY OLCOTT,  
FREDERICK CROMWELL,  
JULIEN T. DAVIES,  
ROBERT SEWELL,  
S. VAN RENSSELAER CRUGER,

CHARLES R. HENDERSON,  
GEORGE BLISS,  
BARTOW W. VAN VOORHIS,  
REFUS W. PECKHAM,  
Wm. P. DIXON,  
J. HOEART HERRICK,  
ROBERT A. GRANNISS,  
NICHOLAS C. MILLER,  
HENRY H. ROGERS,  
JNO. W. AUCHINCLOSS,  
THEODORE MORFORD,  
WILLIAM BABCOCK.

A. B. FORBES,

General Agent for the Pacific Coast.

No. 214 Sansome St., San Francisco.



### Grain Crop Insurance.

Grain crop insurance has been very profitable in this field, until within the last year. The business for 1886 was profitable on the average, but the adverb "very" is hardly applicable. This variety of insurance, as the reader is aware, is peculiar to the Pacific Coast, where the dry summers create a profitable demand for it. So far it has been a paying business when placed at half the probable value, but anything in excess of this proportion leads to neglect of ordinary precautions, if it does not stimulate incendiarism.

Last year, agents for the grain business granted overinsurance largely, and the immediate result was a material increase in the number and severity of the grain-field fires. Overinsurance of any class of risks is objectionable as an admitted and serious cause of fire loss, but the overinsurance of grain crops is suicidal. In settling losses on other property, the value can be easily proved, but the value of a burned grain crop is merely the subject of conjecture. What adjuster can tell from burned stubble or the ashes of growing or stacked grain the probable value of the crop? The owner himself may honestly err in his estimate, and his opinion, however extravagantly high, will always be backed by his granger neighbors. If the owner is dishonest, or perhaps merely "reasonably honest," he will endeavor to profit by his opportunity to get the face of the policy. But overinsurance of grain crops has a far worse feature. It is the temptation offered to burn the crop, a crime which may be so easily and safely committed. The crime almost invariably defies detection. Another weighty objection is, that overinsured crop-owners in the vicinity will not rally to extinguish or check the flames, and so the normally small losses become abnormally large ones.

There is but one way to prevent the overinsurance of growing grain, and that is, to place the insurance when the grain is ripening or "turning." The value may be closely approximated at that time, and the proper amount of insurance is merely a simple sum in proportion. There is little

risk of overinsurance, for the grain tables in use can be employed by any man of ordinary intelligence.

Under the present system grain crops are insured for 50 per cent. of the estimated value, and the companies pay up to the face of the policy. This limit is essential to safe business, for the value of crops may vary widely from the most probable estimates. The 50 per cent. limit, if there is no considerable overinsurance, stimulates the utmost caution by the crop-owner and all his crop-owning neighbors, and all will turn out and persistently fight fire in a neighbor's field in order to protect themselves.

It is now proposed to insert a three-quarter loss clause. We think the adoption of the three-quarter clause would work great harm to the grain crop business. The tendency would be to write for the full estimated value of crops. Nearly all the grangers would remain in happy ignorance of that clause, and however honest, they would be less cautious and less alert, and less active in extinguishing their own or contiguous fires or in adopting preventive measures. Under the present system of 50 per cent. risks, the companies are not only assured of the active coöperation of the grangers, but the agents, knowing that their principals are responsible up to the face value of the policy, are doubtless more careful than they would be under a three-quarter loss system. The three-quarter loss clause, if universally adopted for all classes of risks, might reduce the fire waste; but it would have a contrary tendency if confined to the grain crop risks, and, by unsatisfactory settlements, would certainly strengthen that unfriendly sentiment which encourages and sustains the enactment of of absurd and unjust insurance laws.

We tender our compliments to Mr. J. G. Edwards, of the COAST REVIEW, upon the goodly bulk and the excellent quality of his magazine for this month. It is an unusually large number, and is filled (except as to its advertising pages, which are in due proportion) with live matter of interest to all insurance managers and agents doing business on or with the Pacific Coast. We know of no insurance paper that cultivates its special field more thoroughly or gets a better crop than does the COAST REVIEW.—*N. Y. Insurance.*

### Awaiting the Governor's Signature.

The following amendments to several sections of the Political Code relating to insurance were passed by both branches of the Legislature. They were specially designed to permit foreign companies to give either the American branch or the head office figures at their option.

*Amendment to Section 607 of Political Code (in brackets)*—If not incorporated, a certificate setting forth the nature and character of the business, the location of the principal office, the names of the persons and of those composing the association, the amount of actual capital employed or to be employed therein, and the names of all officers and persons by whom the business is or may be managed. The certificate must be verified by the affidavit of the chief officer, secretary, agent or manager of the association; and if there are any written articles of agreement or association, a copy thereof must accompany such certificates, [provided, however, when the number of persons composing such association shall exceed ten, such certificate need not state the names of any greater number of persons than ten, who shall be of the largest shareholders; and if such association of persons be formed out of the United States, the said certificate need not contain the names of any officers or managers other than those resident within the United States, nor any statement of capital not employed within the United States; and the affidavit may be made by the chief executive officer or manager in the United States].

*Amendment to Section 610 of Political Code (in brackets)*—The Commissioner must require from every corporation or person doing the business of insurance in this State, statements verified as follows:

[3. If made by a foreign insurance company or person, by the oath of the principal executive officer thereof, or manager residing within the United States.]

*Amendment to Section 612 of Political Code.*—Any foreign fire, marine, or inland insurance company, incorporated or not incorporated, doing business within this State, having on deposit at any place within the United States, assets to the amount of two hundred thousand dollars over and above its liabilities in the United States, as security for the policyholders therein, may, at its option, make a separate statement to the Insurance Commissioner of its foreign business and assets, but shall be required to return only the business done in the United States, and the assets held by or for it in the United States for the protection of policyholders therein.

*Amendment to Section 617 of Political Code.*—And for all lawful expenses incurred under this section, or any other section of this Code, in the prosecution of any suit or proceeding for the enforce-

ment of the insurance laws of this State, the Insurance Commissioner must present bills, duly certified by him, with the vouchers, to the State Board of Examiners, who must allow the same, and direct payment thereof to be made; and the Controller shall draw warrants therefor on the Treasurer for the payment of the same to the Insurance Commissioner (in addition to the ordinary contingent expenses) out of the General Fund.

Section 601 of the Political Code is so amended as to make it the duty of the Attorney-General to begin an action within twenty days after receiving notification from the Commissioner of any company's failure to comply with the law.

The annual salary of the Deputy Insurance Commissioner is increased to \$1,800, by an amendment to Sec. 629. Sec. 630 is amended so as to provide for a special fund out of the moneys paid into the State Treasury by the Insurance Commissioner. This fund is a yearly sum \$2,000, out of which all incidental expenses of the office shall be paid.

### The South British Will Remain.

The South British has reinsured the Coast risks of the National of New Zealand, and will continue the general agency heretofore jointly maintained by both companies in this field. It was announced in the February Coast Review that both companies would withdraw from the United States. Such was the supposed design of the management when we went to press, but the representations of Manager Macpherson to the home office of the South British persuaded the directors of that company to reconsider the resolution of withdrawal. The National's share of the business has been taken over by the South British, and Mr. Macpherson has been appointed the general manager of the Pacific department. Special Agent Thomas has been promoted to the office of Superintendent of Agencies, and the remainder of the office staff formerly with Mr. Callingham have been retained in similar capacities by the new manager. Robert Conning has been appointed cashier and chief accountant; E. S. Purdy remains the principal counter and map man; C. L. Langley takes charge of the city and fire business; and

F. B. Agnew has been placed in charge of the marine department.

Manager Macpherson is an underwriter of a quarter of a century's experience, having been employed as the agent for the Lloyd's in the Canterbury district in New Zealand in 1862, which position he has retained until the present time. In 1872, when the South British was organized, Mr. Macpherson took an active part in the promotion of that new enterprise, in placing its stock, etc., and has been the manager of the company at Christchurch ever since. He is a careful, conservative, systematic underwriter, and a successful one as well. Under his management the South British may be expected to do an increased and a profitable business in this field, and supply net results which will most satisfactorily endorse the good judgment of the directors in their recent action as to the American business.

#### The New York Life Insurance Company.

The annual statement of this famous New York company, which we print just anent the Chip pile, is a document in which every reader has some degree of interest. The New York Life maintains its position of second in the list of life companies of ye earth, and gained more in assets than its hundred millionaire competitor. Turn to the statement and you will find the following figures modestly displayed: Assets Jan. 1, 1886, \$63,512,618; assets Jan. 1, 1887, \$75,421,453. That was a clear gain of \$8,557,132 in one year, or over 13 per cent. The premiums gained 21.7 per cent., reaching \$15,507,906 by an advance of \$2,785,803. The death claims, moreover, were \$242,073 less. The insurance in force is nearly \$45,000,000 greater than a year ago. The surplus by the New York standard of  $4\frac{1}{2}$  per cent. is \$15,549,319, a gain of two and a quarter millions. The long forward strides in the company's business and resources, as outlined above, have been accomplished by the enterprise of the managers, by the creation and adoption of popular and liberal features, and by the tireless activity of the company's representatives everywhere.

The following table for the years 1882-1886 inclusive conveys a good idea of the rapid progress of the New York Life, and is a basis for a reliable estimate of future growth:

DEATH CLAIMS PAID.		INCOME FROM INTEREST.	
1882 .....	\$1,955,292	1882 .....	\$2,798,018
1883 .....	2,263,092	1883 .....	2,712,863
1884 .....	2,257,175	1884 .....	2,971,624
1885 .....	2,999,109	1885 .....	3,399,069
1886 .....	2,757,035	1886 .....	3,722,502

INSURANCE IN FORCE.		CASH ASSETS.	
Jan. 1, 1883..	\$171,415,097	Jan. 1, 1883..	\$50,800,396
" 1884..	198,746,043	" 1884..	55,542,902
" 1885..	229,382,686	" 1885..	59,283,753
" 1886..	259,674,500	" 1886..	66,864,321
" 1887..	304,373,540	" 1887..	75,421,453

On this Coast, where the company is represented by Col. Alex Hawes, the New York Life transacts a large and increasing business in all the States and Territories "and contiguous foreign lands" west of the Rockies. A very considerable increase in business in California and elsewhere is reported, with diminished losses.

#### The New Oregon Law.

The Oregon Legislature has passed an act requiring all foreign companies to have \$200,000 invested in some State. The new Act goes into effect on July 1. Three companies, the Hamburg-Magdeburg, the South British and the New Zealand, are affected by the new act, and must withdraw or comply with its provisions. The New Zealand has over \$200,000 invested in real estate on California street in San Francisco, besides \$50,000 on deposit with the Oregon authorities. Manager Craig will immediately take the necessary steps to place the United States assets in the hands of a board of local directors or trustees for the additional protection of American policyholders. Manager Macpherson of the South British and General Agents Gutte & Frank of the Hamburg-Magdeburg will correspond with their principals in relation to the new law, and will strongly recommend a compliance with its provisions rather than a withdrawal from so promising a field. Oregon is a growing State, with a great and prosperous future. The investment of the required assets in the United States will not only enable these companies to continue oper-

ating in Oregon and the contiguous Northwest territory, but will greatly strengthen them throughout California and the entire Coast.

The new law is a reasonable one; for, however excellent the record of all foreign offices in this field, or whatever the extent of their assets at home, it is simply fair that they should compete with American companies within the same limits as to assets in this country. The investment required will be a good thing for the companies, too, for undoubtedly many propertyholders distrust the security of those foreign offices which have no assets directly subject to American courts. Underwriters know that such distrust is based on the record of no legitimate foreign office; but the feeling exists nevertheless, and it is simply natural. We therefore heartily recommend that all foreign fire offices doing business in this field invest a portion of their assets in the United States, if they have not already done so, whether they design to operate in Oregon or not.

### THE MONTH.

Henry Stokes, the late President of the Manhattan Life Insurance Company, died at his residence in New York City on the 11th of last month, at the advanced age of eighty-one. Mr. Stokes resigned the presidency of the Manhattan Life in April of last year, owing to age and impaired health. He had been President of the company for over twenty-five years, and a director since its organization, and was also actively identified with other leading enterprises.

A St. Louis correspondent writes us as follows:

Insurance matters are somewhat disturbed here from the fact of the organization of the Merchants Mutual. The capital of \$200,000 is all subscribed, and the company will be under way as soon as preliminaries can be arranged. New York, Boston, Philadelphia, Cincinnati and Chicago are following suit. All expect to get under way about the same time. This is to be a consolidation and under joint management. High rates are ascribed as the cause.

Henry J. Thomas, whose death by drowning was sworn to by a witness, has "turned

up," and, with the said witness, is under arrest for conspiring to defraud an assessment accident company. Two assessments were paid on a \$5,000 certificate, and as the assessments were heavy and frequent, Thomas and his confederates doubtless hurried matters, and neglected precautions which might have prevented the discovery of their little game.

The Kentucky Court of Appeals held in the case of *Temman et. al. v. Sayre et. al.*, that a tenant authorized by his landlord to insure the rented property, and deduct the premiums paid from the rent, had no authority to insure the property for the benefit of his own creditor, and that, the property having been burned, the landlord and not the tenant's creditor, was entitled to the proceeds of the insurance, although the policy provided that the loss, if any, should be payable to the latter, as the creditor was bound to know that the tenant was acting against the interest of the landlord in allowing the insurance to be taken in this way.

The New Hampshire fire companies are having a "fat thing," since the other companies withdrew. There is no competition, and rates are higher than ever. The prime movers in the valued policy legislation straightway organized companies of their own, and are of course opposed to the repeal of a law which gives them the field to themselves.

In the biennial report of the Auditor of Dakota, we find a list of ten fire companies organized in that Territory—three mutual and seven stock, with "paid up" capitals running from \$8,500 to \$100,000. There is no reason to believe that any of these companies is a legitimate enterprise, with cash capital, or an experienced management, or with any security to policyholders. The insurance statutes of the Territory are so faulty that they extend no protection to policyholders, and permit and therefore encourage the organization of wildcat companies. The defunct Fargo, claiming \$223,711 assets, and having none available, is an example of the opportunities for fraudulent insurance schemes in Dakota. The whole

brood of Dakota companies should be carefully avoided by every property-holder. Some or all these wildcats are doing an underground business in many Western States and Territories. Their names are: Dakota Fire of Chamberlain, Dakota Mutual of Huron, Fargo of Sioux Falls, Farmers' Mutual of Plankington, German of Scotland, Insurance Company of Dakota of Sioux Falls, Northwestern Mutual of Wahpeton, Pierre Fire of Sioux Falls, Watertown of Watertown, Yankton of Yankton.

Auditor Caldwell, of this same Dakota Territory, exhibits fearlessness and good sense when he has occasion to touch upon hat-passing insurance. He says, in recommending needed legislation:

But particularly should there be stringent and very specific regulations regarding insurance companies organized upon the co-operative or assessment plan. While it is true that there are some companies organized upon this plan which are entitled to respect, I am constrained to believe that a very large proportion of them are unworthy of public confidence and patronage. There is at present no law whatever upon our statute books which applies to such organizations, or which makes it practicable to discriminate between the good and the bad. The law should provide such restrictions as will sift out those projects which every well digested theory of insurance demonstrates to be impracticable and unsound, and which the experience of the older commonwealths, as recorded in official reports and the current records of such matters, has shown to be so largely a mixture of unwisdom and fraud.

Stoves in railroad cars must go! The horrible railway accidents of recent occurrence, whereby many persons were burned to death, have suggested the utility of laws prohibiting the heating of cars with stoves. It seems to us that the problem is simple enough. The cars should either be made of steel, or be heated with steam or hot air. In the winter months a steel heating-car might be attached to the locomotive, to supply the coaches with steam or hot air through pipes. This would obviate the objection that the locomotive could not always spare the necessary steam, or that some minor accident would leave the passengers to freeze. Our wise and honorable representatives at Sacramento should give

this important subject some of their attention, and let the insurance companies have a little rest.

The New York Insurance Superintendent has drafted a bill designed to weed out all insolvent co-operatives. The law, as amended by the new bill, will require every co-operative or mutual benefit insurance company to name in its policy the specific amount of the insurance it will absolutely pay, and it must agree in its certificate to actually pay that amount. If it fails to pay the full amount without a valid defense for thirty days after it is due the Superintendent of Insurance is required to report the fact to the Attorney-General, who is obliged to summarily close up the company. There must also be an emergency fund equal to the largest policy written, and if this fund is ever impaired for thirty days the Superintendent can close out the hat-passer. Two hundred applications for insurance of at least \$500,000, with one full assessment paid, are the requirements of new companies. A similar law is in force in Massachusetts. The hat-passers have a powerful lobby working against the bill, at Albany. The new law would shut up or drive out every hat-passer that failed to pay the face of its policy.

We are surprised to read that the proposed New York co-operative law is bitterly opposed by the fraternal societies, for the impression prevails that they alone of the co-operatives pay the sum specified in their insurance certificates. Their representative at Albany, Abel Crooke, says the proposed law would kill all the fraternal life societies, for none pays all its claims in full. He objected to an emergency fund, in fact he objected to every feature compelling honesty of management. General Curtis, chairman of the committee, wanted to know if it would not be fair to put in the policy the minimum amount that would be paid. He instanced his own experience in paying assessments on \$2,000, until he found that the company was only paying \$400 on its certificates. Mr. Crooke replied that it would be meddling with a company unnecessarily. That was a brilliant answer—a

cogent argument. Messrs. Acker, Briggs, and other fraternal society men were at work in the lobby.

A fair example of the trouble that can arise under the present New York law is presented by the Union Mutual Association of Bath, N. Y. The Attorney-General was notified of its failure. The examiners report that the association has only \$4,000 to meet \$30,000 of death claims. Twenty-nine deaths in one year is what broke it down. Another example is furnished by a fellow who had not been out of State's prison six months, who recently applied to Superintendent Maxwell for permission to start a co-operative insurance company. These and other incidents demonstrate the looseness of the present Act governing such companies. It is very natural that every thieving hat-passer should oppose the amendment of a law which gives them such latitude to profit by deception and swindling; but is something remarkable that about all the New York hat-passers are represented in the lobby.

From the advance sheets of Superintendent Maxwell's annual report of the New York Department we learn that the 186 fire and marine companies doing business in the Empire State received \$99,472,417 in premiums, of which 57.77 per cent. went for losses, and 33.62 for expenses, or a total of 91.39. The stockholders' dividends were 12.74 per cent. of capital stock. The gross expenditures were 90.35 per cent. of the gross income. There is nothing very mournful in these figures. The great annual fire waste may draw tears from the eyes of our contemporaries, but that net profit of 9.65 per cent., and an average dividend of nearly 13 per cent., harden our sensibilities and dispose us to view the national ash-pile with philosophic indifference.

Superintendent Maxwell also presents a table of the profit and loss of the fire companies reporting to the New York Department. The profit of 143 companies for 1886 was \$3,691,315, and the loss of 21 companies was only \$78,782, leaving the

apparent net profit \$3,612,532, a gain of \$869,522 over the 148 companies reporting last year.

### SIFTINGS.

The New York Life Ins. Co. will erect a handsome building on an \$85,000 lot recently purchased in Montreal.

The Hartford Plate Glass and Guarantee Co. of Hartford, is being organized. It is a sort of Travelers' enterprise.

An Underwriters' Club has been formed in New York. The membership will embrace representatives of all kinds of insurance.

The New York fire figures for 1886 are at hand. The premiums were \$18,888,048, a gain of over \$800,000. The loss ratio was 50.7 per cent. Last year it was 57.5.

The fire premiums from the Michigan business last year aggregated \$3,227,741, with \$2,016,647 losses paid, or 62.6 per cent. The Home of New York does the largest business in the State.

New Hampshire has had a big fire—a big fire for so small a State—some \$90,000 worth of property burning. The insurance was light, owing to the withdrawal of the stock companies after the valued policy law was enacted.

The Minnesota fire figures for last year are: premiums, \$2,971,445, a gain of \$300,000; loss ratio, 63 per cent.; average premium rate, 1.35. The foreign companies fared worst, with the highest premium rate. Of the 137 stock companies operating in Minnesota, 58 lost money. Minnesota has for some time been an unprofitable field on the average.

They tell a story of a fire in Chicago that has a certain grim humor about it. The fire broke out in a medical college, and a fireman, groping in the building, saw what he took to be one insensible from inhaling smoke. So he rushed to the prostrate form and conveyed it to the street at the risk of his own life, only to find when he got there that he had rescued a partly dissected subject.

# FIRES.

## California.

February 1, Grainland, agricultural implements: Oakland Home.....	\$150	
January 30, Marysville, dwelling: Commercial.....	\$105	
February 1, Chico, frame dwelling: Oakland Home.....	\$100	
February 4, Stanislaus county, farm dwelling: Phenix, Brooklyn.....	\$500	
February 1, Red Bluff, frame hospital: Liverpool & London & Globe.....	\$750	
February 14, San Jose, hay: Insurance Company North America.....	\$160	
February 4, Sacramento, frame drug store: Liverpool & London & Globe.....	\$218	
February 1, Chico, livery stable: State Investment.....	\$225	
February 25, Centerville, Fresno county, flour mill: Phenix, Brooklyn.....	\$1,700	
February 1, Fresno, barn; Hamburg Magdeburg.....	\$300	
February 22, Berkeley, dwelling: Etina.....	\$550	
February 28, San Bernardino county, frame barn; Phenix, Brooklyn.....	\$402	
February 20, Yuba county, dwelling; London, Northern & Queen.....	\$3,263	
February 23, Vallejo, hay and barn: Southern California..... Agricultural.....	\$300 350	
February 19, Oakdale, dwelling: Orient.....	\$200	
February —, San Bernardino, frame dwelling, Oakland Home.....	\$270	
February 1, San Bernardino, frame building: Lion.....	\$600	
February 24, Pomona, brick building: Hartford..... Commercial Union.....	\$160 100	
February 9, Los Angeles, printing office: London, Northern & Queen..... Imperial..... Connecticut..... Phenix, London.....	\$2,548 849 1,095 888	
February 10, Mission San Jose, frame dwelling, Oakland Home.....	\$150	
February 1, Hanford, dwelling: Firemans Fund.....	\$135	
February 3, Compton, dwelling and millinery: Home & Phenix.....	\$1,000	
Total California (S. F. excepted).....		\$17,068
February 8, San Francisco, merchandise: Union, N. Z..... California.....	\$242 363	

February 8, San Francisco, furniture, stock and brick building:	
Sun of London.....	\$184
Southern California.....	352
New Zealand.....	731
Four companies.....	164
February 9, San Francisco, furniture:	
Hamburg-Bremen.....	\$586
Transatlantic.....	150
February 8, San Francisco, frame and brick buildings:	
Svea.....	\$575
February 8, San Francisco, wall paper, etc. in brick building:	
Liverpool & London & Globe.....	\$1,211
Westchester.....	404
Niagara.....	403
Hamburg-Bremen.....	403
Anglo-Nevada.....	1,816
February 22, San Francisco, plumber stock:	
Union.....	\$300
February 22, San Francisco, general merchandise:	
Svea.....	\$261
February 19, San Francisco, frame building:	
Lion.....	\$240
February 10, San Francisco, dwelling:	
Connecticut.....	\$200
London, Northern & Queen.....	658
Imperial.....	219
Phoenix & London.....	200
February 11, San Francisco, furniture:	
Liverpool & London & Globe.....	\$900
February 2, San Francisco, stock of clothing:	
New Zealand.....	\$125
February 6, San Francisco, household furniture:	
North German.....	\$100
February 10, San Francisco, frame building:	
Prussian-National.....	\$2,000
February 22, San Francisco, dwelling and contents:	
Hartford.....	\$180
Ætna.....	400
February 5, San Francisco, frame dwelling:	
Phenix, Brooklyn.....	\$395
February 17, San Francisco, household furniture:	
North German.....	\$165
February 22, San Francisco, frame building and furniture:	
State Investment.....	\$250
North British & Mercantile.....	241
February 20, San Francisco, produce:	
Home Mutual.....	\$850
Total San Francisco.....	\$15,268
Total California.....	\$32,336

## Montana.

February 23, Miles City, frame building: Firemans Fund..... Commercial Union..... City of London.....	\$1,500 1,000 1,000
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**Montana.**

February 12, Anaconda, general fire:	
Manchester.....	\$600
South British & National.....	1,000
National, Ireland.....	250
Firemans Fund.....	1,000
National, Hartford.....	250
Washington.....	1,700
North British & Mercantile.....	1,000
Lion.....	1,000
Home, New York.....	1,530
Sun, San Francisco.....	750
Total.....	\$9,080

February 3, Helena, general fire:	
Home, New York.....	\$970
Home Mutual.....	200
Lion.....	1,000
Imperial.....	1,000
South British & National.....	2,500
Total.....	\$5,670

February 16, Helena, dwelling:	
Imperial.....	\$600

February 9, Miles City, general fire:	
State Investment.....	\$400
City of London.....	500
Home, Montreal.....	150
Washington.....	500
Lion.....	275
North British & Mercantile.....	567
American, Philadelphia.....	459
Hartford.....	1,200
Western, Toronto.....	200
Scottish Union.....	102

February 25, Miles City, "photography:"	
American, Philadelphia.....	\$500

February 12, Miles City, frame building:	
Hartford.....	\$650
Total Montana.....	\$24,353

**Arizona.**

February 6, Prescott, boarding house:	
Royal, Norwich Union & Lancashire.....	\$666

**Washington.**

February 15, Walla Walla, dwelling:	
Connecticut.....	\$300

February 29, Tacoma, dwelling:	
London, Northern & Queen.....	\$300
Imperial.....	100

February 9, Seattle, brick building:	
Etna.....	\$250

February 3, Harrington, barn:	
North British & Mercantile.....	\$390

**Oregon.**

February 21, Portland, household furniture:	
North British & Mercantile.....	\$226
German-American.....	113

February 7, Portland, frame dwelling and contents and stores:	
Oakland Home.....	\$1,301

January 9, East Portland, pork packing stock:	
Commercial.....	\$1,250
September 18, Umatilla county, barn:	
Commercial.....	\$1,180
Grand Total.....	\$62,765

**LOCAL MISCELLANY.****Acknowledgements.**

The *Spectator*, *Argus*, and *Investigator* charts are out.

The Dakota Auditor sends us his annual report for the "period" ending November 30, 1886.

From the Leavenworth & Burr Publishing Co. we have received a set of cancellation and time tables.

**Admission of the American Fire of New York.**

Messrs. Butler & Haldan have just been appointed general agents for the American Fire Ins. Co. of New York, a new arrival. The American is an old and successful company. It was organized in 1857, and has \$1,294,433 assets, with the handsome net surplus of \$701,272. The paid up capital is \$400,000, putting the policyholders' surplus up to \$1,101,232. The book value of the American's stock is 2.75.

**The Connecticut Mutual Life Ins. Company.**

The Connecticut Mutual makes a gratifying exhibit for 1886. The assets have gained \$1,318,844, and the surplus by the company's low standard has gained \$501,128. The death losses were \$346,360 less than for the previous year, a reduction which is a specially creditable feature of the annual report; and not less creditable was a reduction of \$70,264 in the expenses. The ratio of surplus returned to premiums received was 26.64 per cent., an increase over 1885. The chief figures of the statement for January 1, 1887, are: assets, \$55,702,494; surplus, 4 per cent. standard, \$5,242,243; premiums, \$4,464,544; policies in force, 63,027, insuring \$150,528,923. From 1846 to 1887 the Connecticut Mutual has paid to its policyholders \$123,362,835. Adding the assets held in trust for the policyholders, and deducting the premiums received from them, we find \$32,500,043 to be the excess gained from interest, taxes, etc., after paying all

expenses and taxes. The expenses have been only 8.36 per cent. of the income. These figures indicate the great financial strength and the economical management of the company. On this Coast the Connecticut Mutual, under the management of Jas. L. Fogg, is doing a large and growing business.

#### The State Ins. Co.

The presentation of the numerous policies for cancellation has caused the State Insurance Company to issue a new form of policy, numbering from 6,500 upward. These new State policies cannot be canceled by the assured. This is something new to us, and far from justice to the assured. If the assured takes out a policy in the State for five years, and pays \$100 premium, and for good reasons wishes to cancel his policy next day or next month, his \$100 is gone forever. A word to the wise is sufficient. Remember the number, 6,500.—*Salem (Or.) Lance*.

The State Ins. Co. of Salem, Or., claims \$226,747 assets, in its statement of December 31. The interest-earnings were \$8,491.44. If the company has the assets which it claims (but never proves) to have, it averaged 3.8 per cent. interest. There is something wrong with the statement, for the interest rates in Oregon run all the way from 8 to 12 per cent. The Secretary evidently overlooked this item, or he would have drawn his pen through the "8" of that 8,491.44, and substituted a "14" or "15" or larger figure. The Oregon Secretary of State, who owns stock in the company, and recommends the fraud to "our people," we fancy will not object to Secretary Cottle's changing this objectionable even at this late day.

#### A Surety Decision.

In the case of *Cramer v. Tittel*, the Supreme Court, in banc, has decided that the statute under which corporations are allowed to become sole and sufficient surety on bonds required in civil actions and from public officials, is valid and constitutional. This decision allows surety companies, organized or authorized to do business under the insurance laws of this State, to furnish

the entire guarantee upon such bonds, where otherwise a number of private sureties might be required. In the case mentioned, the Pacific Surety Company of California was acting as sole surety upon an undertaking furnished on appeal. The following is a copy of the decision, *Cramer v. Tittel*, No. 11,723, in banc, filed February 9, 1887: "We are of the opinion that the undertaking in this case is valid. The statute is a general law and not an amendment to the Code of Civil Procedure in the sense of the provisions of the Constitution referred to. The statute is constitutional. Motion to dismiss appeal denied."

#### Chips.

—W. J. Callingham has been quite ill and confined to his bed for the past ten days.

—H. T. Lamey, inspector for the British America Assurance Co. for the territory west of the Mississippi, is in town.

—L. B. Edwards was elected a delegate to the national encampment of the Grand Army of the Republic which meets in St. Louis next September.

—Agency Superintendent Fogg has appointed A. Leonard & Son of Sacramento and Wm. H. Crawford of Nevada City local agents of the Connecticut Mutual Life Insurance Co.

—The careful reader of the papers in this COAST REVIEW will discover a sentiment of disrespect for legislators in general and California legislators in special. Nearly all the writers pay their disrespects with more or less vehemence. It does the writers "lots" of good, and does the wicked legislators no harm. "Hit 'em agin."

—In premiums received from the San Francisco business the Liverpool & London & Globe ranks first and the State Investment second. In California premiums the Home Mutual takes first rank, the Liverpool & London & Globe second, and the State Investment third. In Coast premiums, the Firemans Fund ranks first, the Home Mutual second, the Liverpool & London & Globe third, and the State Investment fourth.

—H. C. Keyes of Stockton has bought out his partner, F. E. Lane.

—Assembly bills 8, 9 and 10, relating to title insurance, have been signed by the Governor.

—R. H. Naunton was confined to the house several days last month by a severe attack of gout. His friends had not suspected that he was so aristocratic; but "blood will tell."

—The firm of Woolly & Dickson have dissolved. Mr. Dickson joins Mr. Mailliard in the representation of the Security, London, Northern, Queen and Connecticut. Mr. Woolley has associated himself with Mr. Okell in the management of the British America.

—W. P. Thomas, recently promoted to superintendent of agencies for the South British Insurance Company on this Coast, has been engaged in the business in this field for the past fifteen years, and for the past eight years has been associated with the South British and National agency as special and adjuster. Mr. Thomas has been a hard worker, and his advancement is well merited.

—The present law (Sec. 415 P. C.) limits the real estate of a local company to "such as is requisite for its accommodation in the convenient transaction of its business, not exceeding in value \$150,000." It should have been amended ere this. The limitation was ample in the early days when the law was enacted, but now that San Francisco is metropolitan in dimensions and values, with millionaire companies, the limitation is absurdly small.

—The legislative insurance committee, consisting of Messrs. Mann (chairman), Promwell and Gutte, has concluded its labors, and, considering the class of cattle it had to deal with, accomplished as much as could have been expected. None of the objectionable measures will disgrace our statute books for at least two years more. In the meantime Clunie and Burnes will have ample time to arrange their cards for a new deal two years hence, when they will probably pull for three of a kind or a full hand, as one small pair is not hard to beat.

—A summary of the new Oregon law is given in our Portland letter.

—D. E. Miles, Secretary of the Southern California Ins. Co., has gone East with a view of planting his company in several of the largest cities.

—John G. Conrad, of Conrad & Maxwell, was married on the 3d inst. to Miss Jean McLeod of this city. The REVIEW offers its congratulations to Mr. Conrad.

—Col W. R. Smedberg, Col. C. Mason Kinne, Major Walter S. Holmes, Capt. J. W. Staples, and Private J. G. Edwards, of the insurance fraternity, attended the Grand Army encampment at Los Angeles last month.

—Under the amendments recently adopted by the Legislature the Sun Fire Office will be permitted to transact business in California without divulging its head office figures. It is now optional with foreign companies having \$200,000 assets over liabilities invested in the United States to report either the parent office or the American branch figures to the Commissioner. Mr. Mann is deserving of credit for the industry and ability required to effect the necessary amendments.

—It will be remembered that in July last, Wm. Hesse, Jr., was arrested on the charge of inciting an employé to set fire to the Boca Brewery. Hesse furnished bonds in the sum of \$6,000, and then "skipped by the light of the moon." Recently District Attorney Wilson dismissed the case against the bondsmen, alleging that the bail could not be collected because Hesse had not been guilty of any crime under the California statutes. Wilson and assistant counsel claim that Hesse did not commit arson nor persuade anyone else to do so. It is admitted that he hired the watchman to fire the brewery, and paid him \$100 of the \$1,400 promised, but this action of Hesse, the prosecuting attorney says, was not a violation of the law. To men of common sense, not skilled in legal twistification, it seems plain that Hesse's action was a criminal one, and his bondsmen should have forfeited the \$6,000 they pledged for the appearance of the brewer for trial.

—The Nevada valued policy bill was killed.

—Frank E. Austin & Co. is the name of a new firm of Stockton insurance agents.

—The Clunie anti-compact bill was defeated in the Senate by a vote of 21 to 14. The motion to reconsider was lost by a vote of 23 to 13. Thus endeth the first chapter.

—H. S. Hoblitzell, for several years past in the employ of the Hartford Fire Insurance Company, has been appointed by General Agent Carpenter a special for the Royal, Norwich Union and Lancashire.

—A very interesting sketch of San Francisco insurance history, by Chas. D. Haven, the Resident Secretary of the Liverpool and London and Globe, is printed in this issue, on page 182. It is, of course, made up largely from the files of the COAST REVIEW.

—The Association of Marine Underwriters elected the following officers at the annual meeting last month: President, Wm. Greer Harrison; Vice-President, F. S. Butler; Secretary, H. S. Smith. The retiring President, N. T. James, presided over the banquet in the evening.

—The eleventh annual meeting of the Fire Underwriters' Association of the Pacific is reported at length elsewhere, and many of the papers are printed also. President Clark is to be congratulated on what was probably the best meeting ever held. The papers prepared by the various committees or their chairmen were generally excellent, and the interest in the proceedings manifested by those present was not merely conventional.

—Messrs. J. W. Maillaird and F. W. Dickson have formed a co-partnership as general agents for the Security Insurance Company of New Haven, Conn., and as city representatives of the London, Northern and Queen insurance companies of England, and the Connecticut Fire Insurance Company of Hartford. The total assets represented by the firm are over \$41,000,000. Both gentlemen are beginners (comparatively) in underwriting, but the extent and character of the business already done are evidences of energy and ability which give abundant promise of success.

—W. H. Peters, of Portland, special agent for Brown, Craig & Co. for Oregon and Washington, was in town last month.

—Wm. Macdonald, J. W. G. Cofran and L. B. Edwards are looking after business in Oregon and Washington Territory.

—The board of directors of the Firemans Fund Insurance Company recently passed complimentary resolutions regretting the resignation of Assistant Secretary Carpenter, now the general agent of the Royal, Norwich Union and Lancashire.

—At the annual election of the Home Mutual Insurance Co., the old officers were re-elected. It was the eighteenth time which Mr. Story was chosen Secretary. The Board of Directors are: L. L. Baker, John Sinclair, H. L. Dodge, Chauncey Taylor, J. L. N. Shepard, J. F. Houghton, John Currey, S. Huff, C. Waterhouse, A. K. P. Harmon, C. T. Ryland.

—The defalcations of the manager of the Skandia Insurance Company of Stockholm amount to 525,000 kronor. Bad securities were fraudulently substituted for good ones; and, although the company is conducted by a board of twelve directors, assisted by two auditors, the fraud, which must have been going on for a number of years, was not found out till recently.

—On account of the promotion of Special Agent Faymonville to the chair made vacant by E. W. Carpenter's resignation, Geo. H. Tyson, for many years in the office of the Firemans Fund, has been selected in Mr. F.'s place in the field, as special agent and adjuster. Mr. Tyson is well qualified for the position. His promotion is deserving and a proper recognition of long and faithful service.

—Messrs. Okell & Woolley, a new firm, have been appointed general agents for the British-America Assurance Co. for California. The office will be at 411 California street, formerly occupied by the Accident Insurance Co. of North America. These gentlemen have been engaged in the insurance business in the city for a number of years, and were quite recently associated with the San Francisco office of the New Zealand Ins. Co.

—The Los Angeles Board of Trade telegraphed to Senator Rose of Los Angeles a request to vote against the anti-compact bill; but he voted for the bill "all the same."

—In the *Spectator's* "Prominent Patrons of Life Insurance," Charles Montgomery of San Francisco is credited with \$55,000 in policies on his life. John M. Berkey of a Denver insurance agency carries \$50,000. J. B. Grant and Henry R. Wolcott, also of Denver, have \$100,000 and \$150,000 respectively. San Francisco is very conspicuous in the list, owing to the small space taken by its sole representative. Are there no large life policyholders in this city?

—At the annual meeting of the California Ins. Co., the old officers were re-elected, and directors chosen as follows: L. L. Bromwell, John Birmingham, H. Wadsworth, Dr. Sam'l Merritt, Dan'l Meyer, S. C. Bigelow, W. J. Bryan, A. W. Scholle, E. J. Le Breton.

—The Accident Ins. Co. of North America has decided to discontinue business on the Pacific Coast. Messrs. Brooks & Baldwin, the former general agents, have tendered their resignation. Special Agent Collins, from the Chicago office of the company, is now in the city, and will arrange to either reinsure its risks or appoint an agent and attorney to liquidate all claims.


## PACIFIC COAST BRANCH

**SOUTH BRITISH**

**FIRE**

**MARINE**

Insurance Company.



**CAPITAL, - - - - \$10,000,000.**

Unlimited Liability of Shareholders.

**J. D. MACPHERSON, Manager.**

W. P. THOMAS, Superintendent of Agencies.

**213 & 215 SANSOME STREET, SAN FRANCISCO.**

London Office, 2 Royal Exchange Avenue, Cornhill, E. C.

—Rudolph Herold of this city will visit New York and other leading Eastern cities this month. It will be his first trip. He is a Californian. Underwriters and insurance journalists will please treat him kindly and charge to account of COAST REVIEW.

## ACTIVE LOCAL AGENTS.

Wanted (throughout the Pacific Coast) to represent the Accident Department of the Pacific Surety Company of California.

Address WALLACE EVERSON,  
President.  
328 Montgomery St., San Francisco.

### PUBLISHER'S NOTICE.

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Subscriptions may begin with the January number, if so desired. Unless otherwise ordered, however, subscriptions will begin with the current issue.

—The California business of the Accident Insurance Co. of North America is reported as follows, for the year ending December 31, 1886: Policies in force 1,444, insuring \$3,099,000. New policies issued 1,364, insuring \$2,773,500, with \$25,979 premiums. Totals, including renewals, were: policies, 1,514; insurance, \$3,212,500; gross premiums, \$28,963; losses paid, \$9,101.

"He that Bloweth not His own Horn,  
His Horn shall not be Blown."

LOS ANGELES, CAL., Feb. 23, 1887.

Please send W. E. Cooley, of Pasadena, the COAST REVIEW. On my showing him the last issue he felt that he could no longer exist without it.

CHAS. P. DORIAN,  
Sp. Agt. Pacific Surety Co.

CHICAGO, ILL., Dec. 23, 1886.

The COAST REVIEW is an excellent magazine that well earns the subscription price.

THOS. S. CHARD.

NEWARK, N. J., Dec. 27, 1886.

The COAST REVIEW is a very welcome visitor, and is carefully read each month.

P. L. HOADLEY,  
Sec'y American Ins. Co.

MERCED, CAL., Jan. 21, 1887.

You will please send John G. Elliot, County Recorder, the COAST REVIEW. Upon the perusal of the January number, which you sent me, he feels as though he couldn't be without it again.

RUDOLPH LOSSINS,  
Special Ag't N. E. Mutual Life Ins. Co.

# MAILLIARD & DICKSON, General Insurance Agents;

405 CALIFORNIA ST., SAN FRANCISCO.

SECURITY INSURANCE COMPANY OF NEW HAVEN.

### CITY DEPARTMENT.

London Assurance Corporation,  
Queen Insurance Company.

Northern Assurance Company,  
Connecticut Fire Assurance Co.

**Total Assets Represented, over \$41,000,000.00.**

## FORTY-SECOND ANNUAL REPORT

—OF—

## THE NEW YORK LIFE INSURANCE COMPANY,

OFFICE, Nos. 346 &amp; 348 BROADWAY, N. Y.

JANUARY 1, 1887.

**Amount of Net Cash Assets, January 1, 1886.....\$63,512,618 00****REVENUE ACCOUNT.**

Premiums.....	\$16,386,067 69	
Less deferred premiums Jan. 1, 1886 .....	878,161 65—	\$15,507,996 04
Interest and rents (including realized gains on securities and real estate sold).....	4,157,786 42	
Less interest accrued Jan. 1, 1886.....	435,284 18—	3,722,502 24—\$19,230,408 28

**Total.....\$82,743,026 28****DISBURSEMENT ACCOUNT.**

Losses by death, including reversionary addition to same.....	\$2,757,035 97	
Endowments matured and discounted, including reversionary additions to same..	559,075 01	
Annuities, dividends and purchased policies.....	4,311,119 11	
Total paid Policy-holders.....	\$7,627,230 09	
Taxes and re-insurances. ....	243,142 84	
Commissions, brokerages, agency expenses and physicians' fees.....	2,529,357 87	
Office and law expenses, salaries, advertising, printing, &c.....	523,672 30—	\$10,923,402 80

**Total.....\$71,819,623 48****ASSETS.**

Cash in bank, on hand and in transit (since received).....	\$3,033,305 13	
United States and other bonds and stocks (market value \$43,134,273 86).....	39,522,443 99	
Real estate.....	6,839,974 22	
Bonds and mortgages, first lien on real estate (buildings thereon insured for \$14,000,000 and the policies assigned to the company as additional collateral security)	15,228,775 00	
Temporary loans (market value, of securities held as collateral, \$5,912,741 00)....	4,450,000 00	
*Loans on existing policies (the reserve held by the company on these policies amounts to over \$2,000,000).....	408,619 44	
*Quarterly and semi-annual premiums on existing policies, due subsequent to January 1, 1887.....	1,041,666 15	
*Premiums on existing policies in course of transmission and collection. (The Reserve on these policies, included in Liabilities, is estimated at \$955,000.....	646,437 14	
Agents' balances .....	166,905 31	
Accrued interest on investments to Jan. 1, 1887.....	486,497 10—	\$71,819,623 48
Market value of securities over cost on company's books.....		3,601,829 89

\*A detailed schedule of these items accompany the usual annual report filed with the Insurance Department of the State of New York.

**CASH ASSETS, January 1, 1887.....\$75,421,453 37****APPROPRIATED AS FOLLOWS:**

Adjusted losses, due subsequent to Jan. 1, 1887.....	\$202,346 48	
Reported losses, awaiting proof, &c.....	355,025 28	
Matured endowments, due and unpaid (claims not presented).....	37,890 70	
Annuities due and unpaid (uncalled for).....	9,318 74	
Reserved for re-insurance on existing policies; participating insurance at 4 per cent. Carlisle net premium; non-participating at 5 per ct. Carlisle net premium.	62,525,599 00	
Reserved for contingent liabilities to Tontine Dividend Fund, January 1, 1886, over and above a 4 per cent. reserve on existing policies of that class.\$3,123,742 77		
Addition to the Fund during 1886.....	1,320,530 69	
	\$4,441,273 46	

**DEDUCT—**

Returned to Tontine policy-holders during the year on Matured Tontines. ....	267,848 21	
Balance of Tontine Fund, January 1, 1887.....	4,176,425 25	
Reserved for premiums paid in advance.....	32,720 72—	\$67,340,926 12
Divisible surplus (company's standard) .....		8,080,527 25

**\$75,421,453 37****Surplus by the New York State Standard at 4½ per cent.....\$15,549,319 53**

From the undivided surplus of \$8,080,527 25 the Board of Trustees has declared a Reversionary dividend to participating policies in proportion to their contribution to surplus, available on settlement of next annual premium.

During the year 22,027 policies have been issued, insuring \$85,178,294.

**WM. H. BEERS, President.****HENRY TUCK, Vice-President.****ALEX. G. HAWES,**

Manager for the Pacific Coast,

220 SANSOME STREET,

SAN FRANCISCO.

# THE COAST REVIEW

A MONTHLY JOURNAL

DEVOTED TO

FIRE, MARINE, LIFE AND ACCIDENT INSURANCE

J. G. EDWARDS, PROPRIETOR,

320 Sansome St. (Room 13), San Francisco, Cal.

VOL. 22.

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No. 4.

## PUBLISHER'S NOTICE.

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The COAST REVIEW will be mailed about the 8th of the month.

Advertising rates made known on application.

## Digest of Recent Insurance Decisions.

### Fire.

Grange Mills Co. v. Western Assurance Co.; Ill. S. C.

VENDOR'S RIGHTS IN INSOLVENCY OF VENDEE.—A mill company sold its property to E. & Co., and the purchasers agreed to insure the property to recover the unpaid purchase money, which was done. The buildings were burned, and E. & Co. sued the companies and obtained judgment. E. & Co. became insolvent, and the mill company, before the payment of the insurance money, gave the company notice that the policy was taken out for their interest; but, notwithstanding this, it paid E. & Co. about half the claim. *Held*, That it was clearly shown that E. & Co. agreed to insure the property to protect their vendor, the plaintiff here, and undoubtedly the law is, that as between the vendee and the vendor, the insurance money, in case of the destruction of the property, represents the property itself, and in equity the insurance money should be appropriated to the vendor in case of the insolvency of the vendee. The principle is of frequent application where a mortgagor or vendee agrees to insure for the benefit of the mortgagor or vendor, in case of loss, in equity, such

party is entitled to the insurance money, to the extent at least of his interest in the property which was the subject of the insurance. After notice to the insurance company having the risk, the company cannot pay the loss to the assured named in the policy except at its peril, until the rights of the parties claiming the fund shall have been adjusted. Cases in this State and elsewhere recognize this equitable doctrine.

*Planters M. Ins. Co. v. Rowland*; Md. C. A.

**ALTERATIONS—DOUBLE INSURANCE.**—Payment was refused on the ground that the mill destroyed was not the mill insured. A stipulation in the policy provided that "whenever any alteration or addition or change of occupation shall be made, application shall be made to the secretary, or to any agent, who shall examine the premises, and certify his opinion whether the hazard be thereby increased or not, and if not, the secretary shall enter on the record of said policy, 'altered and not endangered.'" In this case the mill was altered from a burr to a roller process mill, necessitating the proper repairs. *Held*, That such a change will not avoid the policy under said clause. *Held*, That an endorsement on the policy (as provided in the provision), whether the hazard be thereby increased or not, is not a part of the contract, but merely directory and not to provide for a forfeiture. *Held*, That the fact that the owner of the mill held a policy on the building and old machinery, and that the lessees of the building assigned to him, as security for a loan, a policy on new machinery owned by them and put by them into the mill, did not constitute double insurance. *Held*, That the fact as to whether insurance companies charged the same or different rates on burr and roller mills, and determining the question of increase of risk by the change, is evidence for the jury; also, that expert evidence as to the hazards of the burr and roller processes is admissible.

*Marthinson v. North British and Mercantile Ins. Co.*; Mich. S. C.

**PROOFS OF LOSS—KNOWLEDGE OF BREACH.** If an insurance company is informed by the examination of the assured by the adjusters before a notary public, soon after

the loss, of certain acts constituting breaches of warranty, but does not then claim a forfeiture, but allows successive proofs of loss to be made, to which, one after the other, it objects on various grounds of form, such action of the company will constitute a waiver of forfeiture for breaches of warranty referred to, notwithstanding, in making objection to the proof, the company says that it "waives none of its rights and defenses under the policy," but expressly reserves each and every one.

*Phoenix Ins. Co. v. Allen*; Ind. S. C.

**MISDESCRIPTION.**—A misdescription of property was written in an application for insurance by an agent of the insurance company, without the knowledge or consent of the insured. *Held*, That the company was estopped from setting up such misdescription as a defense to the action.

*Alexander v. Continental Ins. Co.*; Wis. S. C.

**PREMIUM NOTES—DEDUCTION OF UNPAID NOTES.**—When there is a waiver of forfeiture for non-payment of premium notes, the insured's right to recover is not affected by the length of time after default, nor by the statute of limitation, when the policy provides that unpaid notes shall be deducted from the insurance in case of loss.

*Boyd v. Cedar Rapids Ins. Co.*; Ia. S. C.

**PREMIUM NOTES.**—The policyholder does not waive his right to object to the notice required from company, by asking further time on the note.

*Bankhead v. Des Moines Ins. Co.*; Ia. S. C.

**STOVEPIPES.**—A covenant to keep all stovepipes in the condition represented shall be construed liberally.

*Blake v. Hamburg-Bremen Fire Ins. Co.*; Tx. S. C.

**UNSTAMPED APPLICATION LETTER.**—There was an agreement between the agent of the company and the insured, that if he desired additional insurance after night time he should post a letter to the agent asking for such insurance, and that the insurance should take effect for the amount named in letter from the time it was posted. *Held*, That such a letter, deposited in the postoffice unstamped, is not posted so as to effect insurance, unless the plaintiff notified the agent of the depositing of the letter, and of its contents, before the loss; and such

notice given after the fire began, the plaintiff knowing at the time that the property was on fire, is not sufficient.

*North British and Mercantile Ins. Co. v. Crutchfield; Ind. S. C.*

**PROOF OF LOSS.**—Evidence of a tender by the assured of his proof of loss to the agent of a foreign insurance company, who countersigned and issued the policy, and who, so far as appears, was the only officer or agent of the company in the State, and the unexplained refusal of the agent to accept such proof, is sufficient, upon a demurrer to the evidence, to show a compliance with the terms of the policy requiring notice and proof of loss to be given to the company.

*Commercial Ins. Co. v. Capitol City Ins. Co.; Ala. S. C.*

**INSURABLE INTEREST.**—Where property, either by force of law or by the contract of parties, is so charged, pledged, or hypothecated that it stands as a security for the payment of a debt, or the performance of a legal duty, each of the parties—the owner of the lien and the person against whose property it exists—has an insurable interest in the property. The first, that the security shall remain sufficient; the second, that it may be kept unimpaired, and the property restored to his use or enjoyment, in whole or in part, after the encumbrance is relieved. Each may insure his separate interest at one and the same time, without incurring the imputation of double insurance, provided the applications and policies are the individual and separate acts of each.

*Hartford Fire Ins. Co. v. Thomas; Mo. S. C.*

**AGENT'S STATEMENTS THOSE OF COMPANY—ESTOPPEL.**—Company's defense was that a statement in plaintiff's application for insurance was, that he was the owner of the ground on which the insured building stood; and that if the property insured was a building, and the assured was not the owner in by title in fee of the ground upon which it stood, the policy should be void unless stated in the policy; and that a statement in the application that there was no building within one hundred feet of the property insured, and alleging in entirety

that such statements and application was a warranty upon the part of the insured. The evidence showed that the agent was very familiar with the situation of the buildings, ownership, etc. *Held*, That where the soliciting agent of an insurance company, authorized to take applications for insurance, and having personal knowledge of the situation and ownership of the property to be insured, fills up the application, the statements therein as to the title of the insured, and the distance of the property from other buildings, are to be taken as statements of the company, and not of the insured. *Held*, That under the rule of estoppel, the company is prevented, after a loss, from disproving statements made by it, through its agents, in the application.

*Brown v. American Central Ins. Co.; Iowa S. C.*

**CONTRACT.**—The agent informed applicant that he had no authority to insure his "show"—an automatic contrivance, laid up in winter quarters. He finally wrote out a policy and left it with a neighbor, to remain in his custody until the company accepted or rejected the risk. The defendant refusing to accept the risk, the policy was restored to the agent by the neighbor custodian; but on the same day the "show" was damaged by fire. The jury awarded the plaintiff damages. *Held*, That there was no contract. No court or jury would be warranted in finding that there was any delivery of the policy to the plaintiff, nor to any other person for him.

*Hurst v. Home Protection Fire Ins. Co.; Ala. S. C.*

**ELECTION TO REBUILD—ATTACHMENT.**

A creditor of C. attached the claim of C. as money due him, before proofs of loss had been made and the loss adjusted, and the company in answering the writ set up these facts, and also, that it had exercised its option, within the time limited—thirty days—to rebuild, and the suit was set aside. *Held*, That the stipulations of the policy were in no stronger sense a promise to pay money than they were to rebuild the house. Doing the one released the company from the performance of the other. The option of doing the one or the other was expressly reserved to the company; and when it elected to rebuild and gave no-

tice thereof, it no longer rested under an obligation to pay the money, unless it violated its promise to rebuild within a reasonable time. If the election were not in fact made, or not made in good faith with intention of performing it, this would furnish ground for contesting the truth of the answer. It may be that it extends further and would maintain an action on the case for the deceit and fraud perpetrated by such simulated election, thereby defrauding the plaintiff of his remedy. We must, however, treat the answer as true, it not being in any way controverted, and hold that no liability for C. is shown on the part of the company. It is contended here that the Court below should have held the attachment alive until the rebuilding was done. Possibly, if plaintiff had moved for such an order, the Court would and should have granted it, but we leave that question undecided.

#### Life.

Phoenix Mutual Life Ins. Co. v. Rodden; U. S. C. C.

**EVASIVE ANSWERS.**—Company defended on the ground that the applicant was addicted to the habitual use of spirituous liquors, and that in spite of the fact that a certain company had refused to issue policies, he had evaded answers to questions as to whether or not other companies had failed to write insurance when applied to. *Held*, That a truthful answer to one of the interrogations therein was no breach of warranty, and that by the acceptance of the defective application the company waived its right to refuse to pay the loss in the event of the death of the assured.

Montague v. Southern Mutual Life Ins. Co.; Ky. C. A.

**PAID-UP POLICY.**—where a policy of life insurance provides that after the payment of two full annual premiums, the company will, in case of default, issue a paid-up policy in the event the old policy is surrendered within a certain time after default, the failure to surrender the old policy within the time provided (thirty days) will not forfeit the right to a paid-up policy; and in this respect there is no distinction between endowment policies and ordinary life policies.

#### Accident.

Accident Ins. Co. of N. A. v. Loretta Crandall; U. S. S. C.

**SUICIDE WHILE INSANE AN ACCIDENT.**—The question was, whether a policy of insurance against "bodily injuries effected through external, accidental and violent means," and occasioning death or complete disability to do business, and providing that "this insurance shall not extend to death or disability which may have been caused wholly or in part by bodily infirmities or diseases, or by the taking of poison, or by suicide or self-inflicted injuries," covers a death by hanging one's self while insane. *Held*, That the question is to a great extent determined by previous decisions as to the effect of a policy of life insurance which provides that it shall be null and void if the assured "shall die by suicide" or "shall die by his own hand." This Court has repeatedly and uniformly held that such a provision not containing the words "sane or insane," does not include a self-killing by an insane person. There can be no doubt, in the present state of law, that Crandall did not die by "suicide" within the meaning of this policy, and the same reasons are conclusive against holding that he died by "self-inflicted injuries." If "self-killing," "suicide," "dying by his own hand," cannot be predicated of an insane person, no more can "self-inflicted injuries," for, in either case, it is not his act—not the act of himself. Nor does the case come within the clause which provides that insurance shall not extend to "death or disability which may have been caused wholly or in part by bodily infirmities or disease." The words "bodily infirmities or disease" does not include insanity. Upon the question raised as to the effect of the leading sentence of the policy insuring Crandall "against bodily injuries effected through external, accidental and violent means," the Court holds that this sentence does not speak of what the injury "is caused by," but looks only to the "means" by which it is effected. No one doubts that hanging is a violent means of death. As it affects the body from without, it is external, and according to the decision as to suicide under policies of life insurance, it cannot,

when done by an insane person, be held to be other than accidental.

### Legal Tender.

If no binding contract is made up to the time of loss, the agent has no authority to ratify an attempted contract, and issue a certificate of insurance after the loss occurs.

The United States Supreme Court has decided that suicide while insane is an accident. The decision of the lower court (see May, 1885, COAST REVIEW) was sustained.

Where a house that has been rented has been vacated by the tenant, and the owner, intending to occupy it himself, takes possession the next day, has it papered and painted, moves his furniture, etc., into it, keeps his employes in and about the house from 6 A. M. to 7 or 8 P. M., preparing it for occupancy, and, the day before he expects to move into it, the house is destroyed by fire, it will not be considered as vacant within the meaning of a policy declaring that the insurer shall not be liable for any loss or damage occurring while the insured property is vacant or unoccupied. So says the Iowa Supreme Court, in *Eddy v. Hawkeye Ins. Co.*

The Pennsylvania Supreme Court recently decided (*Lebanon Ins. Co. v. Hume*) that where, by an established course of dealing, an insurance company sends policies to a broker, looks to him to account as debtor for the premiums, and settles an account with him periodically, and the broker sends the policies to his customers, charges them with the premiums, and sends them bills during the succeeding month, the insurance company cannot, in an action for a loss occurring under a policy so delivered, before the payment of the premium, set up as a defense a condition in the policy that it shall be null and void if the insured shall have neglected to pay the premium.

The nineteenth century is unknown in Iowa. In a suit brought against the Roman Catholic Mutual Protection Society of Iowa by the beneficiary of a deceased member,

the defense offered by the society was certainly a novel one. It was that the deceased had failed to make confession to the priest during Easter! The priest of his parish testified to that effect, and, further, that the priest of a neighboring parish told him (the witness) that he "did not remember" receiving any confession from the deceased during Easter. As the Court ruled that the evidence did not satisfactorily prove any neglect to perform Easter duties, and the widow was entitled to recover, we conclude that a failure to confess to the priest, if proved, would have invalidated the certificate. If neglect to perform "religious duties" voided life policies, we imagine that life insurance would speedily become a lost art.

A New York hat-passer refused to pay a claim, on the ground that the insured (who committed suicide) died "in violation of the criminal laws." The New York laws make suicide, or an attempt to commit suicide a crime, but the Supreme Court held that the deceased did not die in violation of the criminal laws.

A French court of appeal recently decided that anything done which increases the risk run by a fire insurance company must be notified to the company, even if, according to the tariffs of the company, the same rate of premium would be charged; for the company is not bound to accept a risk greater than that which existed at the time of granting the policy, and is, moreover, at liberty to cancel the policy. The court further decreed that the personal knowledge that the company's agent may have had indirectly, of the increase of the risk, did not free the policyholder from the obligation of notifying the change to the company.

Rehm & Vandewise, Indianapolis insurance agents, have begun a suit against the German Insurance and Savings Association of Quincy, Ill., for \$20,000 as compensation for violation of contract. They aver that they made a contract with the company, April 10, 1885, to be general agents for five years in the territory lying east of the eastern lines of the States of Illinois, Missouri,

Arkansas and Texas, for a compensation of 20 per cent. of the premiums and an additional sum of 10 per cent. of the net profits of the business done. They allege that defendant deprived them of the right of doing business in the State of New York, and in all the old slave States, thereby largely lessening the value of the contract to them, and cancelled policies with the intention of forcing them to abandon their contract; and that they have expended \$2,000 in occupying the territory granted to them.

#### Installment Notes.

A Minnesota mutual has sued to recover on a promissory note given as a premium. Defendant has given five notes and had paid the first one. The policy had a provision to the effect that when default is made in the payment of a note the insurance is to expire. The defense in this case is that under the policy there is no consideration for the note, and that therefore it is not collectible. A similar case (*Continental v. Boykin*) was disposed of by the Georgia Supreme Court last August. The contract, which is virtually the same as that of the Minnesota insurant, was characterized by the Court as "unwise and imprudent," but held to be binding on the insured for the full consequences. The Court held that while default ended the insurance, it did not terminate the insurant's contract, and that he was liable for all the notes as they fell due. We don't believe this is good law, but then we don't know anything about law; but we know something of justice, and think the decision unjust, for there was no consideration, as the risk was not in force after the default in the payment of the installment sued on. We await the decision of the Minnesota courts with great interest—and so does the plaintiff—10 per cent. interest probably.

#### Advertisements a Part of the Contract.

The Kentucky Court of Appeals recently held, in *Montague v. Southern Mutual Life Ins. Co.*, that when an insurance company through its chief officers issues a pamphlet making representations as to the plans upon which it insures, and sends this literature out by its soliciting agents, it is to be

regarded as part of a contract of insurance entered into upon the faith of the representations contained therein, and is to be considered in connection with the policy in determining what the contract was. Further, that in this case the insured is entitled to a paid-up policy, although his original policy did not provide therefor, as a pamphlet issued by the company and exhibited by the soliciting agent for the purpose of inducing the insured to take insurance, represented that the company would, upon certain conditions, issue such a policy, a seeming contradictory provision of the policy being reconciled with the representations of the pamphlet, and the two made consistent.

If the foregoing decision is to be generally followed by the courts, it may be applied to assessment insurance. Every hat-passer promises a certain amount of insurance at low rates, in its advertisements and circulars; but when a claim matures by death, the claimant is forced to accept the proceeds of an assessment, large or small, and his attention is called to obscurely printed policy conditions to that effect. The Kentucky Court is common sensible, anyway.

#### "While Violating a Law."

That was a queer decision of the Nebraska Supreme Court wherein it was held that a robber who was killed while running away did not "die while violating any law," and therefore there was no forfeiture of his certificate in a beneficiary society. The learned Court held that as the robber had got the money and was killed by a policeman, a minute later, while trying to escape, he was not violating any law. The decision may be a correct interpretation of the letter of the law, but certainly not of its spirit. We suppose that if a man were killed by a falling brick, while heeding a call of nature in some alley-way at midnight, this Judge would hold that the unfortunate man had met his death "while violating a law," and therefore forfeited his insurance.

#### "Contained In."

The Pennsylvania Supreme Court recently decided (*Hawes v. Fire Association*) that the defendant, under a lightning clause in

its policy, was liable for the loss of a horse in a distant pasture. The horse and other property was described as "contained in" a barn. The Court held that the nature of the horse does not imply permanency of location, and that the conditions of insurance must be reasonably applicable to such property, and such therefore as the parties may be presumed to have had in view when the contract was made. Under this ruling the company would be responsible for the loss of a vehicle, whether burned in the described barn, or in a barn where the hazard might be so great as to warrant the refusal of the risk. The clause should read "*while* contained in," to avoid this construction. A similar decision was rendered by the Wisconsin Supreme Court last fall, in *Noyes v. Northwestern National Ins. Co.* A woman recovered the value of a cloak insured with other wearing apparel "contained in" her dwelling, although the cloak was burned in a store down town. "Contained in," the Court said, was not "a continuing warranty," but merely a warranty that the dwelling should be the usual place of deposit.

### The Underwriter of the Future.

FROM THE KNAPSACK, READ AT THE ELEVENTH ANNUAL MEETING OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE PACIFIC, FEBRUARY 17, 1887.

"Sufficient unto the day is the evil thereof," says the philosopher. "Act well your little part; there all the honor lies," sings the poet. At times a strange desire to pierce the veil of the future comes to me. I would look beyond the working plans of to-day and know something of the possibilities at least of underwriting. Keeping up with the procession, as it is called, seems to be best accomplished by adopting every loose, tenantless vagary of every theorist, no matter how illogical. At the annual meeting of all associations the goal seems to be personal aggrandizement. The papers produced are for the most part a vehicle used to create or sustain a reputation; the writer arrays his facts and figures in a manner calculated to call attention, not to the wants or needed reforms in the busi-

ness, but to himself. Theories are thrown out as carelessly as pitching broadcast a handful of beans, with no more interest in the root they take. He who writes in favor of a scheme to-day may oppose it to-morrow, and receive applause for each effort.

When I apply to my nearest friends for an opinion on the future of our business, they good-naturedly laugh me out of countenance. Those who are recognized as our great minds receive my question with a cold stare and intimate that *now* is the very fruit time and harvest of insurance progress, while others who are working on new and apparently reckless lines are quite happy in the advantage gained, and "think" less seldom than when they were not in the lead.

Compared with the safe rules governing life insurance fire insurance is floundering in a sea of doubt. The cheerful and well fed air with which our leading managers guide their companies to disaster through paths of unquestioned ruin is perplexing. Fortunately the Pacific Coast is still too far from the American centre to be entirely stripped bare of its adequate rates, its protecting safeguards. The march of time is doing us a mischief all the same; with it comes changed opinions. Some of our best field men are adopting plans of action which would have been odious in their own eyes a few years back, and, worst of all, these plans are not boldly proclaimed as of old, but are known only by the fruit they bear.

Is not reputation dear now as then, or is ours in truth a business to demoralize, to harden the finer sensibilities and make dull the moral perception? In other words, is now the future of ten years ago, and, if so, is it all correct? If agreed, let us say "Check," and pass on to the next item.

Thoughts like these have made me somewhat persistent in my endeavor to gain information, so that I am in a manner avoided by my former associates. This disturbs me. One night after dinner I sat thinking of it when a card was handed in, followed by the person whose name it bore.

"Pardon the apparent intrusion," said he; "my excuse shall be a slight service which it is in my power to render you. If

you really wish to know something of the underwriter of the future, I can show him without inconvenience to yourself, nor will it take up much of your time. There is but one condition, simply that you will abandon yourself to the thought that a century has passed away since you last took an active part in fire insurance matters."

I assented and we passed out into the night. To my surprise I experienced no new sensation. The streets were familiar and we paused at the building where my own office is located. Here a determined looking but silent man in uniform kept guard.

"Conduct this person to the centre," said my companion. I followed along the familiar hall, saw him open my own office door, heard myself announced and stepped into what at first seemed a spacious auditorium, but which by degrees I observed to be an office of about sixteen feet square, partitioned off with huge plates of glass from other rooms or offices, so that on the right and left in front of the room in which I stood could be plainly seen all objects and tenants of other rooms or compartments on the same floor.

There was not time to fully realize this peculiar and unusual arrangement before I was greeted by the only occupant of the "centre," as it was called. In saying the only occupant, I do not take into account a silent man in uniform, for I soon learned to know that such people were stationed everywhere about the place like articles of indispensable furniture. The voice which greeted me was low and sweet, so gentle and winning indeed that I immediately contrasted it with the rude, not to say surly salutations of my own time.

"May I ask whom I have the honor of addressing?" said I. This seemed a trifle absurd, considering the formality of my introduction.

"It is with pleasure," said he, "also with pride that I announce myself Lieutenant Director of the Centre of the Pacific Coast Department." (Here he mentioned the name of my own company.)

While he was speaking I noticed the peculiarity of his dress, which at first I mis-

took for a bathing suit. It was of dark silk, knitted, fitting the form closely—a costume, it was explained, in vogue for the use of bank officials, county officers and those in positions of trust or who handled the funds of others. There were no pockets in the clothes. It was a most becoming dress, and my entertainer seemed so much at ease that I am sure if he had worn the clumsy apparel of my own time it would have made him appear a guy.

"I knew of your coming," said he, "from the general director, he who visited your home and invited you here. The general director is the only one of us who goes outside the building, you know; the rest of us take our meals, our exercise and our sleep inside. We often have a hop on the roof when a few ladies are included, but while we are employed by the company we do not talk to strange men. These silent things in uniforms are called 'Pinkertons.' They are to us such information as the calendar used to be to insurance offices—albeit they are fewer and less expensive."

"Is that because their days are numbered?" I asked. He only frowned, and continued:

"I am allowed to talk to such people as are introduced by the general director; but I take little pleasure in such talks, since my conversational limit is cut out for me in advance, as this Pinkerton in the corner well knows. To really enjoy a conversation, one must be at liberty to tell secrets, lie about his friends, and abuse the other company, as you are no doubt aware."

"We are all employed here for a term of seven years. During that time we surrender ourselves to the company by contract, after which we can re-enlist or be pensioned off, each according to his length of servitude."

"Much more just than working all your vigorous life for a company, and then be turned out in the streets in old age to make room for a better because a younger man," I could not help saying.

"Yes, no doubt," replied the lieutenant; "still it cannot be denied that the strain on one in my position leaves him little to hope for mentally when his seven years are up.

I have five years more to serve, and I feel the strain already. I commenced as a boy under Class I, in this very office, and worked my way around the house to the centre."

At this moment our attention was attracted by two dark shadows which fell upon the white top of the table before which the lieutenant sat.

"Two risks being taken," he explained, "if you look into the right hand apartment you will see two people making application. That object into which they are talking is a "voice wave." It catches and records the words, also reproduces them in print, making five impressions. These are held as evidence. This voice wave can be made to repeat aloud the words spoken into it, and is conclusive in a court of law. Of course a man may say he didn't know what he was talking about; lawyers and judges know only too well what a valid excuse that is.

"The shadows of my desk are from the 'reflex' hanging yonder on the farther partition. This same machine also gathers light. Thus as daylight fades away the office is kept at an even state of luminosity. We take every risk that is offered. Nothing is excluded. The rates are found in the directory of rates, such as that hanging beside the Pinkerton yonder. A directory is issued annually, the old one being legal until the new is distributed. The time has gone by for any one to say he knows the correct rate for any particular hazard from experience or time tables or classification. That instrument which looks like a piano, situated in the next case on the right, is the most accurate rate maker yet found. You throw in all the statistics and strike the corresponding chords and keys, and you have a rate which is positively correct. We use it in cases where the directory fails to contain a hazard. This one is called a petty organ. The grand organ at Chicago now makes rates for the whole world. You knew that Chicago was the greatest city in America, didn't you?" he asked. I blushing said I had heard Chicago people say so.

"This system is the outgrowth of the compact series. The grand organ is a more

endurable machine than the compact manager."

In the compartment directly in front of us, which was larger than any other, were twelve or fourteen men who seemed to be constantly engaged in receiving and transmitting messages through machines which spoke the words and recorded them in print at the same time. Everything that went on was audible in the "centre," but so soft and musical in tone as not to interrupt or interfere with conversation.

"There are no female clerks, you see," said my host. "Women are now engaged as sea captains, railroad conductors, and in such like business. That is the finance department," he continued. "We are receiving advices from our investments all day long. All of our premium receipts are invested in lottery coupons."

At this I started.

"Ah, I see," he said, "you are not informed. Well, to commence: The national lottery at Washington is drawn every ten days and is the largest investment, conducted by the President and Cabinet officers. This puts capital and labor on the same plane. Then there are State lotteries, county lotteries and town lotteries, all conducted by laws enacted in the Senate and House of Representatives. The prizes are drawn mostly every thirty days. Perhaps you now see why clerks are not allowed to leave the building for seven years. Companies put no more faith in their employes than they did in your time."

I sighed.

"Ah, well," he said, "honesty is the best policy. It is a long way better than an insurance policy.

"We have had a very good year," he continued. "Our premium receipts for San Francisco alone are two million dollars in round numbers, our losses a million and a half, and our coupons realized four millions. This is unusual. Last year we were not so fortunate; our out-go was 200 per cent."

"Millions!" I cried. "Premium receipts of millions! How can it be done?"

"Ah, yes, I forgot," he said. "You do not know. There are but fourteen insur-

ance companies now doing business in the United States; the others went to the wall under the old hazardous system. That is why we have no solicitors or brokers. The assured comes to the office and records his voice and receives in return a printed evidence. His insurance is in force until ordered cancelled, and is paid for by the week in advance."

"And the loss claims?" I gasped.

"Oh, yes, about the claims. Well, each claim goes into court and is examined by a jury, or, in case of appeal, by the judge of a higher court. The office deals only with finances. See?"

"Yes," I admitted, uneasily; "I think I do, but I don't quite understand. Have you no adjusters?"

"Adjusters!" he said, scornfully. "No; I thank fortune we have no such butchers in these days. I have read of them in books, and I am vexed whenever I think of their abominable practices. Such of them as were half-way honest were wholly incompetent, and such as were competent played a mischief with the companies' money and reputation. No, we have no adjusters. When a claim is presented it comes at first hand through the lawyer of the assured in the manner of a suit for the full amount of policy. We pay the amount into court at once and await the process of law."

"Dear me," I said, "I don't grasp this point."

"Don't mention it," he replied, encouragingly; "I am not surprised. How should you?"

Just then we became aware of what seemed to be a faint round of applause, and upon looking into the left-hand compartment, saw a number of elderly men with happy, smiling faces, listening to an address or lecture.

"These," said the lieutenant, "are retired officers, who have served their term of seven years in the chair I now occupy. One of them has been a general director; all are known as extraordinary men. I will not conceal from you (lowering his voice) that in my opinion some of them are crazy on the subject of insurance—but for that matter men have been so in our busi-

ness time out of mind. These gentlemen are living on a pension at the expense of the company. Most of them are allowed to come and go at will, always of course attended by a Pinkerton, so that they may not disclose the inner workings of the coupon investments," this in reply to an inquiring glance.

"These men," said my informer, with as much of enthusiasm as he had yet allowed himself to show, "are engaged in the inductive principle of evolution; the goal of yesterday is the starting point of to-day. They have outlived such questions as local agents, fire department and water supply, tariff rates, legislation and taxation, forms of policies, etc., etc. Saw-tooth diagrams and cube illustrations belong to the far distant past; the common mechanic who dealt with such material is dead and gone to his account years and years ago; sweet oblivion prevents such from knowing how futile and childish their efforts have been. The paper of to-day, which caused the applause you heard, is on 'the survival of the legitimate,' and is an able argument in favor of issuing no evidence of insurance other than a loss receipt."

"But," I said, "this is gambling, this is putting the money of the people on the hazard of a die; millions lost last year, millions won this year—no stability, no guarantee of indemnity. Why, sir, the whole system, inductive or no inductive, was born in the brain of a madman and means everlasting ruin."

"Sir," replied he, severely, "do not forget that you are a privileged guest. You lose sight of the fact that these stern rules of legitimate business emanate from brains of extraordinary men, bent on making money."

"As if," I cried, "as if history were not made up of the bad actions of extraordinary men, as if all the most noted destroyers and deceivers of our species, all the founders of arbitrary governments and false religions, had not been extraordinary men, as if nine-tenths of the calamities which have befallen the human race had any other origin than the union of high intelligence with low desire."

"One moment, sir," said he, "is not that a quotation?"

"Yes, sir," I replied, "it is from Macaulay's Essay on Francis Bacon."

"I thought so. I regret to inform you that your visit is at an end. One of the cardinal principles of the office is opposition to quotation. We are original in our methods, whatever else we may be."

"Sir," I replied with some warmth, "there is little in what you have said to me that has not been taken from the mouths of others. Remember that those who live in glass houses—"

"Stop!" he fairly howled, "don't do that; don't finish that sentence. That is the worst crime you can commit in this office. Pinkerton!"

I felt that I was disgraced. I saw the uniformed dummy advancing upon me when a voice fell upon my ear, saying:

"Well, dear, if you are ready we will go."

It was the voice of my wife. I had seen the underwriter of the future in as much time as it takes a woman to put on "her things" and make ready for the theatre.

### The Local Agent.

FROM "THE KNAPSACK," READ AT THE ELEVENTH ANNUAL MEETING OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE PACIFIC, FEBRUARY 16, 1887.

The local agent is generally supposed to be a man—that is, most of them wear men's clothes, but I have seen lady local agents. Lady agents do first-rate until they get married, then they don't care for anything, such as business.

Local agents have strong convictions. Some of them have a strong conviction that they can't get a risk—and they never try. Others have a conviction that they know more about it than the man at the office, and you can't knock it out of them until you pay twenty per cent.; that seems to be an argument they can't get around. Anybody is willing to follow twenty per cent. instructions.

I know a local agent who made more than the company. He loaned the company money at twelve per cent. per annum, and

bought a lot of their stock at ten cents on the dollar. Then he got himself elected President, and pretty soon he pulled the company out, paid his money back to himself, sold his stock for \$1.35, and returned to his local agency. After that the company busted. I don't see how he did it.

Local agents are like cats. You stroke them the right way, and they will stay quiet and be sociable, but if you rub the fur against the grain they show claws and howl, and get mad enough to bite the buttons off your clothes.

It's funny how some local agents manage. I know one who fussed around and got a fine office, and the companies paid the rent and helped furnish it, and painted big expensive signs all over the windows, and all such things, and there was a modest little man next door, who never got an extra for anything, and his commission even was never raised although he lived in an expected city, and he worked right along and sent in ten times as many premiums as the first man, and one day, when he called attention to the difference, his insurance office people told him to mind his own business. "There want any kick coming to him," and talk like that. The harder you work and the more you do, and the better you do it, the less thanks you get. It is just like the woman who poisoned her husband. No sooner had the jury purged themselves, than she received thirteen offers of marriage, one of them from a clergyman.

Sometimes I think a good square man has no business with insurance—but that is when I am bilious. Half the agents I meet seem to think the business is a grand swindle. They act as if they were not getting their share of the loot, and if you don't give more they will squeal and give the whole snap away, as the slangy people say. The other half work on the principle that it is the only legitimate calling in the world, and they abuse the people who don't insure with them, and give them short answers, and take their money as if they were doing them a favor; and when a man has a loss they want the Grand Jury to indict him right away, and start stories about how

mysterious the fire is, and tell the adjuster not to pay a cent, and so forth and so forth. Then, in a month or two, they write to the office and ask how you can expect a man to get any business if the company don't pay its losses. I sometimes get real cross with local agents; the only consolation I have is the thought that there are exceptions to the general run of them.

I used to be a local agent myself, and I know how it is. I never had any trouble, because I worked for a home company, and the Board of Directors could make it all right; but I paid a loss in full once before I adjusted it, because I thought the other locals were getting away with me. I never was an adjuster, anyhow; and I think by the time the man's papers were finally made out, the company people thought they would have saved money if they had sent a regular adjuster. If I had to be a plumber or a local agent, I would be a local agent. The season is longer.

### Losses and Adjustments.

A PAPER BY WM. H. LOWDEN, READ AT THE ELEVENTH ANNUAL MEETING OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE PACIFIC, FEBRUARY 17, 1887.

"Losses and adjustments" represent a constant and never ending drain upon the resources of an insurance corporation. Their uncertain effect upon the yearly statement draws attention to their importance alike from the experienced officer in charge of affairs and the shareholder who knows nothing of underwriting beyond an expected dividend. What wonder, then, that many within this circle become tinctured with a false idea of making money out of a claimant by paying as little as seems consistent with an elastic conscience.

The young man growing up within insurance circles should be differently taught. The mind of the beginner in the business must be trained to look upon honest losses as demanding honest payment, and to believe that there is but one honorable course to pursue in their adjustment, namely, to reach an exact result in figures which "proves" by natural sequence. Honesty

and exactness should be the governing principles of the young adjuster. I speak advisedly, for even the dishonest claim is best contested when duplicity is confronted with truth. The temporary advantage gained over a dishonest claimant by trickery is soon lost when brought to the test in a court of law, while points gained which have truth and equity for a basis will come through the fire unharmed.

It would seem hardly necessary to say a word in defence of *exactness* in all the work of the adjuster; but of late years there has crept into the business by degrees a sad lack of this important element. Whether the cause is attributable to keen competition for business on the part of managers who fear to offend claimants, or to want of knowledge on the part of adjusters, is a matter of doubt. At any rate we see from time to time loss papers which are anything but *proofs* of loss. Sometimes it is a compromise without apparent foundation; oftener it is an incomplete statement, because the adjuster is satisfied in his own mind that the loss far exceeds the insurance.

I will admit the necessity of a compromise; but of an incomplete statement—never. It is altogether wrong to send out the young adjuster with the parting injunction to "hurry up with the loss, because we know it is largely total, and a rough statement will do." The young man will get into the habit of making rough statements soon enough; he knows he will get credit for being quick, and that he will save much mental labor by taking things "for granted." In due time the company will pay totals, when it should have salvages or contested claims.

Exactness in the work is preceded by knowledge. Knowledge is popularly supposed to be best gained by experience. Perhaps this is so; but that method of obtaining knowledge in the adjustment of losses is rather expensive to the companies. It is much better to educate the adjuster before he leaves the office.

The duties of

The Young Special

of to-day comprise appointing agents, soliciting business, collecting balances, and

adjusting losses. He is carefully taught how to handle the agents, get business and collect money; but how much practical information on the subject of adjustments is imparted to him in the office? He is forced to read books he does not understand, soon gets tired, and falls back on the hope that experience will perhaps be the best teacher after all.

As I understand the objects of this association, one of its principal reasons for existence is the education of its younger members, and it is the plain duty of a committeeman to keep this object in view. My remarks, therefore, will be addressed to them and confined to losses where books of account are necessary to adjustment. When this subject was first suggested to me, it seemed of so little moment that I was impatient of the duty I owe the association. The feeling that the older members might consider it a waste of valuable time to listen to such thoughts as I might be able to present, was very depressing. The young man and his wants occurred to me, however, and I now feel that no apology is necessary for what might appear to some a paper on elementary subjects.

Like all matters of mutual interest, this subject grows in importance with study, until now I am embarrassed by a feeling of inability to present my views to you clearly and forcibly. This was not lessened as my investigations continued, for, to my surprise, the subject of

#### Book Losses

appears to be the most slighted and the least understood of any part of the business. At the very threshold we are confronted by a careless indifference. No fixed rules are found in the text-books—no well defined mode of procedure. In them all we find that a perfect knowledge of bookkeeping is presumed to be one of the many qualifications of the young adjuster, and this we all well know is not the case. As a general thing his knowledge is superficial, and not of such a nature as enables him to carefully and intelligently analyze a set of books. Presuming upon this perfect knowledge, the text-books writers give certain definitions, propositions and rules, which

are all admittedly excellent, but all comparatively useless to him who is not first thoroughly informed on the methods employed to reach the results.

A statement of loss on a stock of merchandise, with its accompanying papers, will always, at some point, betray the qualifications, good or bad, of the adjuster. No matter how carefully made up or how closely the rules are followed, the incompetent bookkeeper will show his lack of ability before he gets through. It is of the utmost importance, therefore, that our young specialists should make up their minds to an exhaustive study of this science—they will make money by it, and so will the companies.

It would be impossible in the limits of a paper like this to more than touch upon a few points which are liable to puzzle the tyro. It is not my intention to enter into complicated and difficult adjustments, but confine remarks to losses on general stocks of merchandise where value is in excess of say, \$5,000, and a fairly well kept set of double entry books have been saved from the fire.

#### The fundamental principle of

##### Double Entry Bookkeeping

cannot be better explained than by using the homely illustration employed by my old teacher twenty years ago. It was simple and effective. He used the simile of a pair of beam scales, and extending his hands, balanced them up and down as he talked. In one scale you place a 5-pound weight, in the other, five single pound weights; your scales balance. Keep adding weights to the scales in like manner, still they balance; but drop a one-pound weight in the transfer and you are out—you have omitted a debit or a credit. In brief, the foundation of the science is that every debit entry in the ledger must have one or more credits to equal in the aggregate the amount debited, and *vice versa*.

The books in use in a country store necessary to an exact adjustment consist of a day-book, cash-book, ledger and invoice-book. The ledger, if destroyed, could of course be dispensed with, as its contents could be compiled from the others. Bear

with me for a moment while I try to make plain to the uninformed member (if such there be), in as few words as possible, the method of keeping these books.

The Day Book should contain a daily record of all purchases and sales of merchandise; but, as is often the case, in order to save labor, the purchases are omitted, and the invoices themselves are filed in an invoice-book, and this is used as a supplementary day-book. The Cash Book should contain a daily record of all cash transactions, the moneys received appearing at the debit, and those paid out, at the credit of the account. The postings in the Ledger are made from these books, the items in the day-book being sometimes passed through a journal, which is merely a stepping-stone from one book to the other, and has no value as a record in the presence of the day and invoice-books.

Sales of merchandise made on credit are posted to the debit of the purchaser and to the credit of merchandise account. Sales for cash generally appear at the debit of cash in one sum at the close of each day's transactions, and are thence also passed to the credit of merchandise. Invoices of merchandise purchased on time are posted to the credit of the party from whom the goods were obtained and to the debit of merchandise account; purchases for cash will be found at the credit of cash account and debit of merchandise. As a result, we have at the debit of merchandise account on the ledger all purchases, and at the credit all sales, whether for cash or credit, and if the goods were sold at exact invoice cost, the difference between the footings of the two columns would represent exactly the invoice price of the stock on hand at any given time.

Divested of all complications arising from commission accounts and other adventures of the assured, we would seem to have, therefore, a simple problem to solve, since the merchandise account, when properly kept, shows the value of all goods received into and delivered from the store. Whether this is easily arrived at or not, depends upon how the work is proceeded with, as we shall presently see.

Different results can be and are obtained by different adjusters from the same set of books. In fact, I have known adjusters, single-handed and alone, astonish the assured with the variety of the results they could extract, when hard pressed. There is, of course, but one *correct* result, and the method for obtaining it should be carefully studied. The first duty of the adjuster when he takes hold of the books, is to see that all unfinished work is completed and all the postings made. A trial balance should then be taken off in order to prove the correctness of the work and to check any fraudulent loading of the debit side of the merchandise account.

I will not imitate the text books by assuming that the uninformed member knows all about trial balances. The trial balance sheet contains on its debit side balances of all accounts on the ledger in which the debit exceeds the credit and would include merchandise account; all sums due to the assured and cash on hand—in a word, his assets and current expenses. The credit side contains all ledger balances in which the credit side of the account exceeds the debit and would include capital invested by the firm and all liabilities. The footings of these two columns should, of course, agree.

Having proved the work of the book-keeper to be ostensibly correct, the merchandise account itself has our attention. It becomes necessary to obtain a condensed copy of this account, which we may formulate as follows:

#### MERCHANDISE.

##### DR.

To Stock on hand at last inventory.....	\$20,000
" Credit Purchases.....	13,500
" Cash Purchases.....	1,500

##### CR.

By Credit Sales.....	\$14,000
" Cash Sales.....	2,000

At its debit we find first value of stock on hand at last inventory, followed by all purchases—at its credit, all sales.

In the ordinary closing of the books at the end of the year, we would have an item which is here wanting, viz., an inventory

of the stock on hand. It is clear that if we had this inventory, and placed the amount at the credit of the account, the difference between the footings would show the profit (or loss) on merchandise during the period covered by the transactions—a profit if the credit side is greater, and a loss, if the debit.

This inventory being unattainable under the circumstances, our only recourse is, if possible, to obtain a correct estimate of the *profits* for the period in question, and, by adding this sum to the debit, we will have as a result the value of the stock on hand represented by the difference between the two sides of the account. To make this clear, we will close the account in the ordinary way, using the same estimates as before.

## MERCHANDISE.

## DR.

To Stock on hand at last inventory.....	\$20,000
" Credit Purchases.....	13,500
" Cash Purchases.....	1,500
" Profit.....	3,200
	<hr/>
	\$38,200

## CR.

By Credit Sales.....	\$14,000
" By Cash Sales.....	2,000
" Stock on hand at this date.....	22,200
	<hr/>
	\$38,200

## Profit.

The *merchant*, knowing the value of his stock, by this means ascertains his profit, and, per contra, if *we* know the profit, we can ascertain the value of the stock. In this table we have, also, a graphic illustration of a fact which is sometimes forgotten by the young adjuster (I have argued the point with him more than once), namely, the greater the percentage of profit allowed, the greater will be the loss on stock. For example, increase the \$3,200 profit to \$4,200, and the estimate of stock on hand will be increased an equal amount.

To estimate correctly the profit on sales and agree with assured on same, is perhaps as important a duty as devolves upon the adjuster in a loss of this character. If the business has "been in force" for several years, reference to the merchandise account

previously closed, will give the actual percentage of profit obtained. I will illustrate this: The account for the preceding year shows, let us say, cash and credit sales amounting to \$20,000, and the profits are shown at \$4,000. By deducting the profit from the sales, we have \$16,000 as the cost of the goods sold. Multiply the \$4,000 by 100 and divide by 16,000 sales, and the profits are shown to have been 25 per cent. The estimate for the current year would be subject to change from reduced or increased competition in that business in the town.

If there are no past merchandise accounts to figure on, a fairly correct estimate can be made by an examination of the invoices and agreement with the assured on the profits charged on each *class* of merchandise. Having these figures and quantities, a percentage of profit can be had which will be close to the truth.

## Freight.

This is a subject of great apparent trouble to adjusters, and the methods adopted to get it into its proper place, in a statement of loss, are as varied as they are amusing. Even a recognized authority like Griswold says, on page 555 of his *Underwriters' Text Book*: "There are two distinct methods in use by adjusters for estimating freight and charges upon merchandise in the settlement of losses, producing a marked difference in the final results. Adjusters are not entirely harmonious as to which is the more correct and equitable." He then proceeds with two examples, showing from the same merchandise account a loss in one instance of \$8,800, and in the other of \$6,240, and sums up by gravely informing us that it makes a difference of \$2,560 to the assured.

I cannot understand why there should be any difference of opinion on the part of adjusters in this matter. The apparent discrepancy of \$2,560 is easily explained, and I submit *should* have been explained by the gentleman before he dropped the subject. He has left a stumbling-block for the learner, and has thrown an element of doubt into the correctness of every settlement of a book lost by this failure.

Here are his examples:

EXAMPLE NO. 1.

STATEMENT OF LOSS.

Merchandise per Inventory—Cost.....	\$45,000
Merchandise purchased to date.....	25,000
Freight and charges, 4 per cent. on \$70,000..	2,800
Total Merchandise.....	\$72,800

DEDUCTIONS, VIZ.:

Sales to date of fire.....	\$27,000
Less profit, 12½ per cent.....	3,000
Cost of goods sold.....	\$24,000
Merchandise saved, worth 40,000	64,000
Total loss.....	\$8,800

EXAMPLE NO. 2.

STATEMENT OF LOSS.

Merchandise per Inventory—Cost.....	\$45,000
Merchandise purchased to date.....	25,000
Total Merchandise.....	\$70,000

DEDUCTIONS, VIZ.:

Sales to date of fire.....	\$27,000
Less profit, 12½ per cent.....	3,000
Cost of goods sold.....	\$24,000
Merchandise saved, worth 40,000	64,000
	\$6,000
Add freight at 4 per cent.....	240
Total loss.....	\$6,240

We will reconcile the two examples, and show that there is in reality no difference in the result, provided both methods are correctly applied. Presuming that Example No. 1 represents the actual loss, we will make the corrections on No. 2.

EXAMPLE NO. 2.—CORRECTED.

STATEMENT OF LOSS.

Merchandise per Inventory, at Cost.....	\$45,000 00
Merchandise purchased to date.....	25,000
Total Merchandise.....	\$70,000

DEDUCTIONS, VIZ.:

Sales to date of fire.....	\$27,000 00
Less profit, 12½ per cent...	3,000 00
	\$24,000 00
Less 4 per cent. additional.....	923 08
Invoice cost of goods sold.....	\$23,076 92
Merchandise saved,	
worth.....	\$40,000 00
Less 4 per cent. . .	1,538 46
Invoice cost of goods saved.....	\$38,461 54
Invoice price of goods destroyed...	\$8,461 54
Add freight at 4 per cent.....	338 46
Total Loss.....	\$8,800 00

It will be noticed in both examples Mr. Griswold makes the profit 12½ per cent.,

ignoring the fact that in Example No. 1, the profit allowed is supposed to be over "cost and freight," while in No. 2 it is over invoice cost, only. His figures of \$24,000, representing the cost and freight in Example 1, must, therefore, in Example 2, be reduced 4 per cent. additional to bring the amount down to the basis on which this latter statement is made, viz : invoice price. So, also, with merchandise saved, worth, in the first example \$40,000; cost and freight we reduce in the correction, by deducting freight, and make the invoice price of this item \$38,461.54 only. These corrections, (after the proper addition for freight on goods destroyed) make the loss in both examples exactly the same.

I am afraid this matter of correctly allowing freight is rather a hazy subject to more than one Pacific Coast adjuster. A case in point came under my notice recently. The papers were from the hands of an experienced adjuster, and one who would have a strong claim upon the confidence of any company represented here. The statement showed the inventory; goods purchased, sold, saved and lost, all right and proper at net invoice price, but finished up with an addition for freight on the entire inventory and goods purchased.

As between the two methods of including freight, I incline strongly to that which adds the proper percentage to the goods injured by the fire. This plan relieves the loss statement from any complications caused by including it at an earlier stage of the adjustment, and as we have seen, the result is the same to both the assured and the company.

Inventory.

This should undergo a very critical examination previous to its appearance at the head of the loss statement. If stock has been taken at "cost and freight," which is sometimes done, more especially at points situate at a great distance from commercial centers—the proper deduction should be made to reduce figures to net cost. This percentage of freight is easily arrived at by ascertaining the amount paid for, say, a year past, and dividing this by the purchases for the same period. Other deduc-

# PENNSYLVANIA



Fire Insurance Company, of Philadelphia.

ORGANIZED A. D. 1825.

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Assets, January 1st, 1887.....	\$2,710,884 00
Liabilities, including Re-Insurance Fund.....	1,083,459 00
Surplus to Policy-Holders.....	1,627,425 00
Losses Paid since Organization.....	8,979,365 00
Premium Income in 1886.....	901,254 00

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Pacific Department,

429 California Street, San Francisco, Cal.

**Brown, Craig & Co.,** General Agents

W. S. DAVIS, City Agent.

INSURANCE COMPANY  
STATE OF PENNSYLVANIA  
OF PHILADELPHIA.

Organized A. D. 1794.

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Assets, January 1st, 1887.....	\$637,538 00
Liabilities, including Re-Insurance Fund.....	245,498 00
Surplus to Policy Holders.....	392,039 00
Losses Paid since Organization..	14,625,153 00

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Pacific Department,

No. 429 California Street, San Francisco.

BROWN, CRAIG & Co.

General Agents,

W. S. DAVIS, - - City Agent.

tions will often be found necessary. Store fixtures, furniture and safe—horses, wagons and harness; and sometimes even the store building itself will be found included in the inventory. Merchandise not covered by the terms of the policy should also be noted and deducted. This leaves us a clean start with goods on hand at invoice price.

#### Purchases.

Since date of inventory, and charged to merchandise account, should be relieved of all items not covered by the policy, and of goods held on commission. Invoices of goods in transit sometimes get into the merchandise account before the goods get into the store. They should be taken out. Among the purchases will at times be found charged the premiums paid for insurance on stock and building, as in the estimation of some merchants this is an item which properly increases the cost of the goods, and should be so treated. Traveling expenses will also be found at the debit of merchandise account in some instances. It is not necessary to say that both these items should be deducted from purchases. They do not form a part of the invoice price of the merchandise, any more than does the salary of the porter or the rent of the building.

#### Depreciation.

The inventory last taken, will in a few instances be found depreciated on the books, but oftener the merchant is willing that his assets should appear as great as possible, and charges his merchandise account with the actual invoice price of the stock on hand, making no allowance for shopworn or unsalable goods. This matter of depreciation is a most important one. The percentage to be deducted should be agreed upon with the assured (and reduced to writing) before the figures of stock on hand are ascertained. This remark applies equally to discounts for time purchases and percentages of profit. The reason must be apparent. If the assured finds that these figures of depreciation, discount and profit are liable to reduce the amount of his loss below the face of his policy, the difficulty

of agreeing with him will be very much increased.

It is no part of my plan to give any estimates of the proper amount chargeable to depreciation, but simply to submit a few suggestions which should be considered when figures are being agreed upon. If the inventory is found to have been depreciated, the allowance on subsequent purchases would, of course, be small; but if the business has been conducted for a number of years, and the inventory always made at full cost price, figures should be accepted only after careful investigation into the character of the stock. This latter condition of the inventory has a bearing also on the profits, the percentage of which will be found to decrease from year to year, in consequence of the fact that the old goods are being sold at reduction. The agreed profits on the current year's business would therefore be affected in favor of the company.

Depreciation is sometimes figured on the cost of goods *after* freight has been added. Apart from the difficulty of convincing the assured of the equity of deducting anything from freight actually paid by him, it will be found much easier and more business-like to agree on a percentage which has for a basis the actual invoice price of the merchandise. These matters being given full weight, it is plain that *only the invoice price of the stock injured by fire should suffer depreciation.*

#### Discount for Time Purchases.

There is much uncertainty and confusion on this subject in the various forms given in the text books; the purchases, and even the inventory itself, being sometimes subjected to a deduction on this account; this is altogether wrong; the *invoice price of the stock injured by fire* should alone be made to suffer discount.

Let me illustrate—The merchant purchasing goods on long credit, pays more for them than he who pays cash. They are invoiced to him and appear on his books at this increased cost. He has sold part of them at a certain profit over the invoice price, and we have agreed with him on this percentage of profit in order to ascertain—what? Simply the invoice price

(to him) of the goods he had on hand after the transactions of a series of years, which had for their close the destruction of these goods by fire. Having obtained this invoice price, it only remains to show the difference between it and the actual cash price. The fact that the assured has been paying more for his goods than his neighbor who pays cash, results only in reducing his percentage of profit, and does not at all affect the volume on hand, provided the percentage of profit is properly influenced thereby. A fair estimate of the amount to be deducted in order to reduce the stock to a cash basis, can be arrived at by examination of the invoice book and noting what proportion of the purchases are "time," and the average length of the credit received.

#### Goods Used by Family of Assured.

This is sometimes an important item, and is always worthy the attention of the adjuster. If charged at all on the books, they will be found at the credit of merchandise account and at *cost price*. If allowed to remain there and be included in the item of merchandise sold, the final result will be greater than the truth, by just the amount of current profit on these goods. They should not be deducted from sales until after the profits are figured, and then appear as a separate deduction from stock on hand.

If these items are not found on the books, it will have to be a matter of agreement with the assured as to the amount. Horses are sometimes fed with "feed" taken from the store, which has originally appeared at the debit of merchandise, but for which no corresponding credit has been given. This should properly reduce the stock on hand.

#### Salvage.

Merchandise saved uninjured should be separately scheduled at invoice price, and this sum forms the first proper deduction from stock on hand at time of fire.

Damaged stock should be appraised at its actual cash value on the ground. The method of assessing *damages* at a certain figure is a poor one, as it involves the necessity of acquainting the appraisers with the *cash cost* and freight of the articles, and deduct-

ing the damages therefrom to ascertain the present value. The *present value* of the damaged stock is all that is required in the first place.

I submit a form of "Statement of Loss," embracing the suggestions made, which differs from the usual form in several respects, but principally in that the invoice price of the *stock injured by fire*, and not the "stock on hand," is made the proper subject for deductions and additions. The invoice price of the *stock injured* is the item of interest to the company, and this alone, as I have endeavored to prove, should be depreciated or appreciated, as the circumstances require.

NOTE.—The following statement is purposely redundant; the words in *italics* can be dispensed with in practice, and still leave the methods employed sufficiently clear. They are inserted only for the benefit of the learner.

#### STATEMENT OF LOSS.

<i>Amount of Inventory, taken Jan.</i>		
2, 1886, at cost and freight....		\$20,000 00
Less value of store fixtures and furniture included in Inventory \$1,100 00		
Less also freight on balance (\$18,900 00) included in Inventory,—ascertained rate at 5 per cent.....	900 00	2,000 00
<hr/>		
<i>Leaving actual invoice price of Inventory</i> .....		\$18,000 00
Add cash and credit purchases at invoice price.....		15,000 00
<hr/>		
<i>Invoice price of merchandise to be accounted for</i> .....		\$33,000 00
<i>DEDUCTIONS, to ascertain invoice price of stock injured:</i>		
Total cash and credit sales, as per books.....		\$16,800 00
Less agreed profits over invoice cost at 20 per cent.....	2,800 00	
<hr/>		
<i>Leaving invoice of sales to date of fire</i> .....		\$14,000 00
Merchandise saved unharmed, at actual invoice price .....		3,000 00
Merchandise used by assured at invoice during 5½ months, at \$100 per month.....	550 00	17,550 00
<hr/>		
<i>Giving as a result the invoice price of stock injured (either totally destroyed or damaged) by fire</i> ...		\$15,450 00
<i>FURTHER DEDUCTIONS AND ADDITIONS, to ascertain actual value:</i>		
Depreciation on \$15,450 00 at 10 per cent.....		\$1,545 00

Discount for time purchases on \$13,905 00 ( <i>nine-tenths of the goods having been bought on time</i> ) at 2 per cent.....	278 10	
<i>Actual appraised (or agreed) cash value of the damaged merchan- dise.....</i>	1,125 00	2,948 10

<i>Which gives the loss on mdse at invoice price, less the agreed deductions for depreciation and credit purchases.....</i>	\$12,501 90	
<i>To this add freight on \$15,450 (the stock injured by fire) @ 4 per cent.....</i>	772 50	

*And the Loss to the assured, on a cash basis, is \$13,274 40*

In conclusion, permit me to warn managers against the growing custom of placing book losses in the hands of inexperienced young men. It is all very well to say that the young man must learn sometime, but it is also important that the companies should not pay too dearly for his education. That they are doing this every day, I have not the slightest doubt. The remedy is a simple one, namely, to see to it that the young man is able to undergo a critical examination in double entry book-keeping before he is intrusted with the adjustment of such losses.

To the young man himself permit me a word. Knowledge is easily acquired in these days; it costs little more than the time spent in obtaining it. How much of your time on the road is wasted that could be profitably spent in the study of a business which requires a lifetime to master? Do not think that reputation for ability will come without labor, or that reward will precede merit.

### A Scintillation.

FROM "THE KNAPSACK," READ AT THE  
ELEVENTH ANNUAL MEETING OF THE FIRE  
UNDERWRITERS' ASSOCIATION OF THE PA-  
CIFIC, FEBRUARY 16, 1887.

The COAST REVIEW is a perennial scheme. It has the largest circulation of any insurance journal in San Francisco. It takes an editor and a proprietor to work it.

Its proprietor is a gentleman of composed address, rich in southern blood and prospective revenue; an open-handed artisan, of whom it may be said one cannot remain in his debt.

The editor has originality, a large head full of sense, a pocket full of pencils, and no scissors. He is not unmindful of the scintillations of the *Knapsack*. I shall not be surprised to find a column devoted to similar intellectual coruscations in the COAST REVIEW some day.

This is Not an Advertisement.

The COAST REVIEW is a friend to the special agent, and has time out of mind published the most beautiful tributes to the alleged ability and virtues of our boys. Thus far we have failed to acknowledge our appreciation outside of the subscription list. Every agent's family should have its COAST REVIEW, and in Ogden and Salt Lake two copies at least.

Being an observer, I believe the journal to be seated on a sound financial basis. On the occasion of my last visit to the sanctum, I was offered a tobacco cigar out of a box more than half full.

In the pursuit of crime with intent to convict, the COAST REVIEW is pre-eminently beyond its local contemporaries. Let no insurance person steal—outside the law—and be detected, for, as soon as it is public news, the COAST REVIEW will be upon him with unrelenting flagellation.

Its charities are well understood. No hat-passer is neglected in the distribution.

The editor and proprietor never retract. They never commit or perpetuate errors; but there is a smudgy, ink-splotted Lucifer called the "printer's devil," who plays the mischief in one way and another without let or hindrance.

If my name is George William France, I do not like to be known in print as Oliver Wendall French; but the COAST REVIEW liked it, and gives me scathing sarcasm when I "kick."

I wrote what I thought a clever bit of grammatical construction. The COAST REVIEW devil took a handful of type, sprinkled the word "that" many times over my article, washing all the elegance of diction clean out. I knew better than to complain. Like the man in the pulpit, they have you in their power—you can't talk back, whatever your inclination.

Remember, however, it is not the editor

or proprietor at fault, but the devil. Go to the devil, if you like, but keep away from the sanctum.

Heaven prosper the Coast. The COAST REVIEW can take care of itself. Now is the time to get up clubs.

### The Good and the Bad in the Profession.

A PAPER BY T. W. FENN, READ AT THE ELEVENTH ANNUAL MEETING OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE PACIFIC, FEBRUARY 16, 1887.

For the "good" of the business, congratulations are in order upon the success of the Compact on this Coast. It has been successful in curing many "lapses," but many yet remain. Being such a stupendous undertaking, everything cannot be accomplished at once. It has served to develop a most excellent quality in the profession, and that is "backbone." If any need it, it is the insurance corporations. Centering as they do large funds, they are exposed to assaults on every hand, and at the present time lobbyists and legislators are combined to demolish not only the Compact, but the very companies themselves, and it behooves us to use freely this "backbone" to confront prejudice, clamor, misrepresentation, and last but not least, vexatious bleeding suits and bills.

The Compact has regulated free trade in insurance; has shown the policyholder how to improve his property against the fire hazard, and when this has been done, reduced his rate, and has secured a uniformity in business. It has advanced the knowledge of insurance to many of its heavy patrons; and whatever helps to disseminate its principle and object, is a benefactor. I would suggest that it might go further, and issue monthly

A Bulletin of Advice, for general and gratuitous distribution. Its progress in well doing has been rapid, and we hope its end is not yet. By bringing to its aid the Inspection Bureau, Fire Patrol and Fire Marshal, it may yet develop "Causes of Fires" so as to reduce protection to perfection, losses to a minimum, and rates as low as the most carping mind

or "ambitious" legislator could desire. There is no end to the good it may do and has done.

Among the many evils to which our profession is subject, I would briefly mention "legislative action." For the past twenty years there has not been a session of the Legislature but that more or less of acts purporting to "regulate" the insurance business in the interest of the dear public has been presented. Its biennial occurrence teaches us that steps must be taken for the proper organization to resist what is fast approaching prohibited regulation. Nearly every "bill" presented is intended as a tax upon the business, and reflective minds must consider that whatever is a tax must be got back by raising the price of the goods; and as the tax must eventually come from this very dear public, it is not difficult to say who is hurt the most.

### Educate the People

in this, and we will have their aid in opposing unjust legislation. Among the many and most prominent bills of this year, is the resurrected so called "Valued Policy." This has been presented before, under various guises, all equally evil. It makes the companies entirely responsible for misrepresentation and over-insurance on the part of the assured, and is a constant premium upon incendiarism. Does the bill lessen fires? No; it increases them, for it leaves no incentive for the assured to protect his, and the property of others likewise jeopardized.

The companies must bear the burden of it all. So many reasons present themselves against it, that the limits of my paper are too small to contain them all, or any number. Again I call for more instruction to the public upon the "Valued Policy." Let them know, as Superintendent McCall, of New York, said, "Losses by fire are a tax, by a destruction of value, that is not replaced by the companies payments." Unless the policyholder has an interest in the property insured, losses shall certainly increase, as is proven in every State where the Valued Policy has been tried.

Most of these bills are meant to subserve private animosities; some to make money for their proposers. A firm and dignified

statement, showing clearly and plainly the objectionable features of the proposed legislation, should be presented broadcast to the general public, and finally, as a last resort, to the Governor, that his veto may be our safeguard. It is certain that a large amount of instruction must be given, but that is even better to encounter than to be compelled to visit Sacramento every two years to combat dishonest legislation.

Another evil of the profession is, in the irregularity of the

#### Form of Policies.

Very few holders of policies ever read them, or know how well they are adapted to their needs, and never learn until the fire and the adjuster comes. It would be an easy matter to digest the contents of a few policies; but the large possessors, holding a number, would find many apparently, and some really, conflicting regulations. How many, only the adjuster can tell. All this should be regulated, and a commission of insurance men should be appointed who should establish one form, to which all companies doing business in the State should be compelled to conform. Many difficulties would then be overcome, and there need be no chance for difference among the companies. Even the Kinne rule might become obsolete.

Not long since I read an article, "Hard is the Road to Justice." Strange as that may sound, to go to law is sometimes to have a conflict with injustice. Companies so often find this to be the case, that they are generally reluctant to make their defense in courts. Yet they are bound to go there occasionally, for the attempts made to impose on them and rob them of their funds without right, are frequent. The most common impression seems to be, that when an insurance company has received the premium and issued the policy, it is bound to pay any losses that may occur under it, whatever the tenor of the contract, and however grossly they may have been violated by the insured. Instruction is again a remedy for this.

I cannot close without referring to the evil of companies not paying all just and reasonable charges attached to the settle-

ment of losses. I refer more particularly to the case in establishing general or district agencies, where the agents are supposed to attend to adjustments. Unrequited labor is the poorest and dearest in the end. The companies will always suffer under these conditions, and slipshod adjustments be made. Sometimes offices, to obtain agencies of companies, hold out as an inducement, that they will attend to adjustments at their own expense. If the companies would stop to consider this condition in all its bearings, they would decline to make it a part of their contract.

#### The Relations of the Local Agents' Association to the Pacific Insurance Union.

A PAPER BY G. F. McLELLAN, READ AT THE ELEVENTH ANNUAL MEETING OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE PACIFIC, FEBRUARY 16, 1887.

"Theirs not to make reply,  
Theirs not to reason why,  
Theirs but to do or die."

The Local Underwriters' Association is a body composed of some of the local agents who make insurance their sole or principal business. Its objects were to elevate the standing of the profession in fact and in the esteem of the public, and to aid in carrying out the objects of the Pacific Insurance Union. It met and it prepared a memorial setting forth its objects and desires. I was not present, and while most heartily favoring the objects, was not in favor of all the means proposed; possibly they were suggested as loss claims are presented, with a view to the cutting down process that might follow. But whatever criticisms may have been justly made upon it, there can be no doubt that it was conceived in a noble spirit and with due respect for the body to which it was to be presented. It was presented, and "with the loud laugh that speaks the vacant mind," thrown aside; some of the members of the Union whose knowledge of themselves it would ill become me to question, declaring that they were dogs and that this was an attempt of their tails to wag them—this dignified bit of waggery, borrowed from the antediluvians, being the

only argument of which they appeared capable.

This action was doubtless the cause which, in connection with the very apparent difficulties, in the way of meeting, led to the future inaction of the association; and therefore, as the Union may be said to have

#### Sat Upon the Association.

the relation of the former to the latter may be briefly summed up as that of the corpse—"a rather lively one"—to the coroner. From present indications it appears to be the intention of the Legislature to sustain to both the relation of undertaker—"rider and horse in one fell funeral blent."

But, despite the present funereal aspect of our position, still trusting that the Compact may yet have before it many years of useful and honorable life, and that it may so commend itself to the public that any attempt to destroy it would meet with general execration, let us consider some of the ways in which an association of local agents may be made to perform an important part in strengthening and popularizing the Union. And that can be done by carrying out the objects of the association.

The first of those objects was to have the local interests of the companies intrusted to a body of men educated to the business, and making it their life work. To say that three-fourths of all those now acting as local agents are not and do not intend to be professional underwriters, is speaking within bounds. In fact, few of them do continue in the business any considerable length of time, or try to learn any of the principles governing it. Through personal influence, by unabashed persistency, or in other ways, some of them add to the premium receipts of the companies; but, as the number of agents is so large, they soon find that there is little to be secured by each; and as they have no interest in the vocation, they drop out. In Los Angeles there is scarcely a week in the year when a special cannot be seen in quest of a man to take the place of one of this class, and when he leaves here he goes elsewhere on the same errand.

Second. The local underwriters desired

that to the locals should be left the business of their several localities; that

#### San Francisco Brokers

should not be permitted to trespass on their domain; and that persons controlling large lines should not be granted agents' commissions, that by this means they might be allowed a rebate, and thus defeating one of the objects for which the Union ostensibly was formed, and defying the spirit of the law while obeying its letter.

At least one-half of the policies written by the average local do not pay for the time devoted to securing the lines. Who will make insurance a business when the risks worth having are written by their owners? In what other branch would it be tolerated, that one party to the contract should be agent of the other? Would a wholesale merchant sell on credit to a retailer, on the report of the latter as to his own character, standing, business, prospects, etc.? Yet an insurance manager intrusts all this, and more, to the customer who buys his policies.

The local underwriters desired that they be kept informed as to the rules they were expected to obey, and the interpretation placed upon them, and that there be uniformity in enforcing them. They desired, also, that there be regularity in the visits of surveyors or assistant managers, in order that the assured might not for months be left in doubt as to what rate of premium he should pay. Is one of these demands unreasonable? Are not all in the interests of all parties?

#### The Pacific Insurance Union.

is not an absolutely independent body; it cannot act in an arbitrary manner without endangering its own existence. While some, and they the ablest and best of its members, recognize the justice and reasonableness of the demands, and are glad to receive the suggestions of their employes, not a few take for their motto the lines from Tennyson, which are at the head of this paper, and act accordingly.

Let the fears of the present lead to a little wise retrospection, that we may guard against future perils.

The business of insurance in this State

can be conducted by a comparatively small number of trained specialists. How much more influence would they have than the multitude who now are giving odds and ends of their time, and none of their hearts, to the work?

The feelings of the several communities towards the companies are influenced chiefly by the local agents. The Union approaches the vast body of the assured through the locals. Can it be expected that a property-owner will feel great respect for a business that approaches him in the guise of from a dozen to fifty solicitors, each of whom appears to know nothing but that he wants that risk? And is the respect likely to be increased by the frequent changes in agents, and the necessity for rewriting or indorsing policies which arises from errors in the original made by inexperienced policy-writers, or from new interpretations of old rules? The general undertone of distrust and

Dislike of the Union, the recent exhibition of which appears to have astonished the general agents, was well known to exist by active local agents. And it had its origin less in the supposed increase of rates than in the annoyances to which I have referred, and which the Local Underwriters' Association planned to avoid. And the untaught agents who are "here to-day and there to-morrow," are far from free from the impression formerly prevailing that they could do better if they could cut rates; feeling that even in a general cataclysm those with least to lose would have the best chance for bettering their condition. It seems as if one must be deaf to the teachings of experience and blind to all that goes on about him, not to feel and know that the multitude of makeshift agents, who care little for the business, or accept their appointment only to save the commissions on their own premiums, is an element of weakness and danger.

And, while not immediately bearing upon the subject, permit me to say, that the less the Union is known to the assured, the less will be the hostility to it. Every time that the attention of a property-owner is called to the Compact by a raising of rates, by an undesired endorsement on his policy, he is

adding a new count to the indictment of the Union he is forming in his own mind. Of course, when the agent is obliged to approach a customer for any such purpose, although he may in good faith attempt to defend the action, he does not fail to have it understood who causes the trouble. A reduction is forgotten, or considered simply a return to long-denied justice, but the objectionable changes are long remembered and never cease to annoy. "The evil that men do lives after them; the good is oft interred with their bones."

Cannot all whose present and future interests are bound up in the business of insurance unite, and with mutual respect and forbearance labor together to elevate the tone of the profession, to relieve it, as far as possible, of its objectionable features, and to gain for it the support and confidence of the people? Renan has said: "In action one is weak by his best qualities, and strong by his poorer." Is it not time that this ceased to be obtrusively and offensively true of the work of the insurance agent?

### Elevator Shafts.

The murderous elevator shaft was responsible for the rapid spread of the flames at the burning of a Buffalo (N. Y.) hotel last month, and for the consequent loss of many lives. Besides, as usual, the hose appliances of the hotel were out of order, and would not work, otherwise the fire might have been checked until the fire department arrived. Two old lessons may be learned anew from this sad affair: first, that elevator shafts in hotels must be provided with fire doors, under a severe penalty imposed for a neglect of the law regulating the same; second, that private fire-extinguishing appliances are utterly unreliable and practically worthless.

The absence of fire doors in elevator shafts in factories, hotels, flats, etc., "as by law provided," is very strong evidence of the stupidity and indifference of law-makers. Fire after fire occurs in large buildings, and the stereotyped report of the firemen and others is, that the elevator shaft is a huge open chimney, sucking the flames from floor

to floor, and spreading the fire so rapidly that the inmates often are unable to escape. But nothing is done, nor even suggested. Legislators meet, denounce corporations, fight for petty offices, sell their votes to the highest bidders, draw their salaries, enact a dozen bad laws where they enact one good one, and stupidly ignore the plain lesson of the latest theatre, hotel, or factory fire horror.

It seems to us to be a very simple matter to provide elevator shafts with light iron or gauze-wire doors, separating the floors if a draft is not desirable, or confining the flames to the shaft if better ventilation is thereby secured. Such trap-doors could be easily opened or thrust aside by the ascending or descending elevator, closing again automatically. If the shaft is to be used as a ventilator ordinarily and a flue in case of fire, it should be lined with sheet-iron. By simple and inexpensive elevator fire doors, as suggested, a fire could be confined to one floor at least until the guests of the hotel or the employés of the factory could escape.

Underwriters have an interest in this matter, for elevator shafts frequently render the labor and ability of the fire department of no avail, though the interval between the alarm and the response be a nominal one. A law embodying the foregoing suggestions we think should be enacted, and made applicable to all buildings over two stories in height.

### Canton and the Chinese.

We take the following extracts from a private letter to the publisher of the *COAST REVIEW*, from George C. Pratt, who recently visited China:

"Fancy a city, if you can, of over a million and a half inhabitants, and some place the figures higher; its age an unknown quantity, for we saw buildings, pagodas, and temples over 1300 years old, and still well preserved; yet no one can adequately describe it. The streets are only five or six feet wide, and are exceedingly irregular, running at all angles imaginable. The roofs of the houses in each street almost touch

each other; they are built of brick, and only one story high.

"There are no appliances for extinguishing fire, to speak of. The city is divided into sections, and when a fire occurs heavy iron doors are swung across the street, and the fire confined, if possible, to the limits enclosed by these barriers.

"There is absolutely no system of sewerage, and the stench is better imagined than described. Cholera, smallpox, and zymotic diseases sweep the cities every year, and are in fact a blessing, as they act as a cathartic, cleansing the entire system, and without which over-population would result.

"One sees displayed in shops for sale, cats, dogs, entrails—and I may add, with truth, that *nothing* is wasted nor ignored that can be fried, boiled or stewed. Beef and mutton, or the more solid meats, cannot be obtained, and rice is the great staple.

"We visited the execution grounds, and saw the heads of two Chinamen who had been beheaded the night before, and it was not a good day for heads, either. That plot of ground contains more human gore than any other five hundred acres in the known world; every day there is an execution, and at times fifty and even a hundred are executed at a time. Human life has no value in the estimation of a Celestial. Theft is punished by death, and murder is penalized by torture in several different degrees.

"A laborer is paid in this English settlement (Hong Kong) only 15 cents per day, and you can get them for that by the thousand. The Canton wages are cheaper, of course. I forgot to mention that the 15 cents does *not* include the keep of the Chinaman—he feeds himself.

"I find the *COAST REVIEW* is no stranger here, as I saw it in Mr. Ray's office, the China Traders' Ins. Co., and he tells me he reads it with a great deal of interest. I saw copies in other offices as well.

"The English are most hospitable and polite, once you get well acquainted with them. They are keen business men, and are constantly opening up new channels for trade."

# PHENIX

INSURANCE CO., OF BROOKLYN.



Organized A. D. 1853.

LOSSES paid to January 1st, 1887,	-	\$29,656,868 00
CASH ASSETS, January 1st, 1887,		5,383,172 00
LIABILITIES, incl'g Re-Insurance Fund,		3,826,085 00
SURPLUS to Policy-Holders,	- -	1,557,087 00
PREMIUM INCOME in 1886,	-	\$5,553,876 00



PACIFIC COAST DEPARTMENT,

429 California St., S. F.

BROWN, CRAIG & CO.,

General Agents.

W. S. DAVIS, City Agent.

# AMERICAN



Fire Insurance Company, of Philadelphia.

*ORGANIZED A. D. 1810.*

Cash Capital.....	\$ 500,000 00
Assets, January 1st, 1887.....	2,301,856 66
Re-Insurance Fund and all Other Liabilities....	1,248,984 44
Surplus to Policy-Holders .....	1,052,814 22
Losses Paid since Organization..	7,237,693 00
Premium Income in 1886.....	1,177,109 00

Pacific Department,

No. 429 CALIFORNIA STREET, SAN FRANCISCO.

**Brown, Craig & Co.,** Gen'l Agents.

W. S. DAVIS, City Agent.

## Some Results of Life Insurance.

[From the Standard.]

NAME OF COMPANY.	Date of Organization.	Gross Premiums Received since Organization.	Gross amount paid Policyholders since Organization.	Gross Assets Dec. 31, 1886.	Payments to Policyholders since Organization, plus present assets.	Excess of payments to Policyholders, plus present assets over premiums received.
Ætna, Hartford.....	1850	\$79,855,094	\$61,735,078	\$31,545,931	\$93,281,009	\$13,394,969
American, Philadelphia.....	1850	15,740,702	11,807,970	2,174,744	13,982,714	-1,757,988
Berkshire, Pittsfield, Mass.....	1851	11,009,078	7,979,126	3,850,055	11,829,181	820,103
Brooklyn, New York.....	1864	8,104,834	5,752,429	1,614,492	7,366,921	-737,913
Charter Oak, Hartford.....	1850	34,015,034	21,186,871	4,236,172	35,422,049	1,407,015
Connecticut General, Hartford.....	1865	4,049,628	2,224,375	1,625,333	3,849,708	-199,920
Connecticut Mutual, Hartford.....	1846	146,565,287	123,362,836	55,702,494	179,065,330	32,500,043
Continental, Hartford.....	1862	9,526,661	6,558,132	2,568,731	9,126,863	-399,798
Covenant Mutual, St. Louis.....	1853	1,981,069	1,461,369	397,601	1,858,970	-122,099
Equitable, Des Moines, Iowa.....	1867	1,023,549	488,269	594,959	1,083,228	69,679
Equitable, New York.....	1859	165,895,223	96,547,784	75,510,473	172,058,247	6,163,034
German Mutual, St. Louis.....	1857	665,290	532,341	410,061	942,402	277,112
Germania, New York.....	1860	29,334,201	18,656,012	12,310,626	30,966,638	1,632,437
Hartford Life & Annuity, Hartford	1866	4,673,817	2,859,544	1,482,772	4,342,316	-331,501
Home, New York.....	1860	15,427,223	10,631,516	5,860,889	16,492,405	1,065,182
Homœopathic, New York.....	1868	2,894,547	1,719,944	562,718	2,282,662	-611,885
John Hancock, Boston.....	1862	11,202,373	7,350,054	2,878,794	10,288,848	-973,525
Manhattan, New York.....	1850	31,246,512	24,852,061	11,310,958	36,162,119	4,915,607
Maryland, Baltimore.....	1865	2,317,448	1,237,796	1,303,078	2,540,874	223,426
Massachusetts Mutual, Springfield	1851	23,128,882	15,579,454	8,554,065	24,133,519	1,004,637
Metropolitan, New York.....	1867	23,000,085	11,044,306	3,705,271	14,750,271	-8,258,808
Michigan Mutual, Detroit.....	1867	4,881,819	2,428,123	1,765,333	4,103,456	-688,363
Mutual, Louisville, Ky.....	1866	3,640,078	2,312,081	1,347,565	3,659,646	19,568
Mutual, New York.....	1852	301,395,206	243,665,366	114,181,963	357,807,329	56,412,123
Mutual, Baltimore.....	1870	563,975	304,348	123,991	428,339	-135,636
Mutual Benefit, Newark.....	1845	111,776,262	92,812,908	40,826,264	133,639,172	21,862,916
National, Montpelier, Vt.....	1850	6,994,701	3,980,679	3,897,722	7,878,401	883,700
National, U. S. of A.....	1868	9,103,467	6,713,581	2,756,395	8,469,976	-633,491
New England Mutual, Boston.....	1835	51,559,854	41,158,769	18,627,081	59,785,850	8,225,996
New York, New York.....	1845	160,072,597	96,422,333	75,421,453	171,843,786	11,771,189
Northwestern Mutual, Milwaukee	1857	57,011,776	39,186,836	26,669,878	65,856,714	8,844,938
Pacific Mutual, San Francisco.....	1868	5,547,939	3,394,762	1,498,621	4,893,383	-654,556
Penn Mutual, Philadelphia.....	1847	25,794,764	16,781,639	11,422,616	28,204,255	2,409,491
Phoenix Mutual, Hartford.....	1851	34,766,980	26,265,561	10,488,600	36,754,161	1,987,181
Provident Life & Trust, Phila.....	1865	17,206,845	7,414,621	11,904,527	19,231,148	2,022,303
Provident Savings, New York.....	1875	1,656,629	893,397	1,212,499	1,212,499	-443,680
Prudential, Newark.....	1876	7,030,498	1,924,434	1,425,720	3,350,154	-3,680,344
State Mutual, Worcester.....	1843	7,693,374	5,214,830	4,625,687	9,840,507	2,141,133
Travelers, Hartford.....	1866	10,004,870	3,818,454	9,111,590	12,930,044	2,925,174
Union Central, Cincinnati.....	1867	8,080,943	3,550,229	3,223,395	6,773,624	-1,307,419
Union Mutual, Portland, Me.....	1848	28,656,637	22,334,822	6,124,717	28,459,539	-197,116
United States, New York.....	1850	18,407,289	12,739,411	5,633,138	18,372,549	-34,740
Vermont, Burlington, Vt.....	1869	501,788	197,525	312,352	509,877	8,089
Washington, New York.....	1860	22,192,579	14,312,961	8,269,614	22,582,575	389,996
Totals.....		\$1,616,282,419	\$1,090,354,926	\$600,488,411	\$1,677,471,715	\$161,189,296

† Formerly Southern Mutual,

† Report to Dec. 31, 1885.

‡ Retired from business.

## Expensiveness of Fire Insurance.

From the advance sheets of the Massachusetts Insurance Commissioner's report, we extract the following, which appears under the sub-head, "The People are 'Overcharged for Fire Insurance.'"

"The popular discontent with the expensiveness of fire insurance protection is manifesting itself in efforts to cheapen it by avoidance of needless expense in the transaction of the business, and by expedients to prevent loss. A great influence is exerted by the mutuals, which save the expense

of capital, and escape the burdensome charges for procuring business in the form of commissions to agents and brokers. The tendency is towards combinations by property owners for mutual insurance, or the formation of confederated companies with capitals limited to moderate dividends, and participation in profits by the assured, and conducted at minimum cost of management. This movement of the public is a protest against an unjust burden, and will prevail finally to compel the companies to reform the machinery of their business and reduce the cost of insurance, or to retire from the

field in favor of better methods the enterprise of the people will inaugurate.

"Perhaps the most conspicuous item of needless cost in fire insurance is the commission charge. The companies fix their rates to include this charge, which is fifteen per cent. or more, usually more, of the whole premium, and the property owner has to pay it whether a broker is employed in the transaction or not. There may be individuals with large lines of insurance to place to whom the services of a broker may be of value. Such persons should be left to employ and pay for such services. But to the great majority of people who insure, the broker is of no use, and to saddle them with the burden of his expense is a wholly inexcusable injustice. Compulsory pilotage laws compel the employment and payment of pilots by navigators in certain waters, whether the service is needed in the particular venture or not. This, however, is justified only because the skilled pilot is indispensable to the safety of general navigation, and therefore the common body of marine commerce may fairly be put under contribution for the maintenance of the craft. It will hardly be argued by any one of intelligence that the broker is of so general value to the transaction of insurance, that his support may properly be charged upon the insured public as a whole.

"Fire underwriters in New York and in Boston have associated in efforts to reduce the usual commission rates, which have grown greatly of recent years under the stimulus of business rivalries; with what measure of success does not yet distinctly appear. But the symptom is favorable, as it indicates a lively sense of the public demand for some action by the companies in the matter. The underwriters will consult their interest as well as the public's if they deal radically with the fault, and reform it altogether. They can accomplish it, notwithstanding the bad methods into which the business has fallen, if they act in loyal concert and with resolution.

"The loss cost of insurance, if not within the control of the underwriter as the expense cost is, is largely within his influence. He may affect it by the exercise of

care and judgment in the selection of risks and the just apportionment of premium to hazard. Still more effectually he may affect it by intelligent co-operation with the assured to avoid loss by the use of means of prevention. It is cheaper to prevent loss than to pay for it. And it is vastly better to save property which is a part of the commonwealth, than to compensate the individual owner by the loss he suffers by its destruction. From a narrow and selfish standpoint the underwriter may argue that the abatement of fire peril is no concern of his, since the greater the danger the larger will be the demand for the insurance he supplies, and why should he help to injure the market he trades in? But that spirit is not adapted to our social state. That business is not only the most honorable, but is likely to prosper the best, which consults the common welfare as well as the profits of those who carry it on. The system of insurance has wrought great good in the relief it extends to the unfortunate, but it is capable of still larger usefulness in the prevention of misfortune. The remarkable success of the mill mutuals in the reduction of insurance cost to their patrons, and in the conservation of property, furnishes an inspiring example."

#### The Equitable Life Assurance Society.

The twenty-seventh annual statement of the Equitable Life of New York is a rouser. The new insurance written last year by this phenomenal life company was \$111,540,203, by far the largest ever written by any company in the world. Gains were made: in assets, \$8,957,035; in surplus (4 per cent. basis), \$2,493,637; in premium income, \$2,810,475; in new insurance, \$15,528,825. These are extraordinary gains.

The Equitable's figures for the year ending December 31st, 1886, are: assets, \$75,510,473; total undivided surplus, over 4 per cent. reserve, \$16,355,876; the surplus, according to the New York (4½ per cent.) standard, is \$20,495,176; premiums for the year, \$16,272,154; total income, \$19,873,733; total paid policyholders, \$8,336,608; total outstanding insurance, \$411,779,098.

The growth of the Equitable is one of the marvels of the times. In the twenty-seven years of its career it has made a record which is without a parallel. Commanding talent, tireless energy, popular features, liberal practices, all have contributed to the wonderful success of the company, and made its name familiarly and favorably known at home and abroad.

On the Pacific Coast, where the company is represented by W.D. Garland, the Equitable "keeps up with the procession," of course, and gains year by year. Last year, in California, the company led all others in new insurance written and the premiums thereon.

### The Fire Association of Philadelphia.

Seventy years ago, in the infancy of the Great Republic, when only a "handful" of its living millions were then alive, a fire insurance company was formed in Philadelphia, and styled the Fire Association. The company grew and flourished year by year, and it still grows and still flourishes on its native heath, and has behind it a long and an honorable record which deservedly contributes to its growth and prosperity.

The Fire Association made gains last year in assets, net surplus and premiums, and incurred fewer losses. The assets are now \$4,445,576, a gain of \$195,012. The net surplus is \$936,963, a gain of \$153,171; the surplus to policyholders is \$1,436,963. The net premium income was \$1,568,596, an increase of \$33,600. The total income and outgo were \$1,780,066 and \$1,668,738, respectively, leaving a net balance of \$111,328 as the result of the year's transactions. The loss ratio was 61 per cent., the expense ratio 32 per cent., a total of 93 per cent. of the premiums.

Chas. A. Laton, the general agent of the Fire Association in this field, transacted a largely increased business for the company on the Pacific Coast last year, with the very low loss ratio of 33.5 per cent.

Altogether, the year 1886 was a very satisfactory one to the managers and stockholders of this popular old Philadelphia company.

### Colorado Fire Insurance Report.

We are indebted to Superintendent Darwin P. Kingsley for the following report on fire insurance in Colorado last year. The total amount written was \$43,421,027, at an average rate of 1.87. The expense ratio was 24.5.

NAMES OF COMPANIES.	Premiums received.	Losses paid.	Percent of losses to Premiums received.
Ætna, Conn....	\$13,690 37	\$6,436 11	47.01
Agricultural, N. Y.	2,449 86	25 00	1.02
Amazon, O.....	5,549 49	3,931 15	70.84
American, N. J....	5,990 45	2,027 86	33.85
American Fire, N.Y.	1,844 29	5 00	.27
American Fire, Pa.	17,145 40	8,683 68	50.65
Am. Central, Mo....	6,523 67	4,054 25	62.14
Anglo-Nevada, Cal.	5,448 29	960 24	17.51
Armenia, Penn....	1,363 51	.....	.....
Boatman's Penn....	1,250 95	.....	.....
Boylston, Mass....	934 80	11 40	.12
British Am., Can...	6,921 73	6,486 55	93.71
California.....	10,843 46	5,004 03	51.68
Citizens, Mo.....	3,518 00	2,314 00	65.77
Citizens, N. Y....	2,824 68	1,916 44	67.81
City of London....	5,807 45	4,765 32	82.05
Clinton, N. Y....	2,370 13	3 68	.16
Commercial, Cal..	7,289 58	5,962 56	81.79
Commercial Union	14,439 95	8,183 12	55.97
Concordia, Wis....	4,113 44	2,306 66	56.07
Connecticut.....	9,951 80	4,108 20	41.28
Continental, N. Y.	13,301 45	3,680 80	27.67
Farmers and Merchants, Colo....	48,662 05	14,166 67	29.11
Farragut, N. Y....	629 08	.....	.....
Fire Ass'n, Penn...	7,802 71	3,911 33	50.12
Fire Ins. Ass'n, Eng	8,606 42	3,414 60	39.67
Firemans Fund, Cal	15,470 41	12,682 30	81.97
Franklin Fire.....	5,537 10	259 67	4.69
Ger., Freeport, Ill.	14,714 61	4,022 31	27.33
German, Peoria, Ill.	8,655 74	3,403 31	39.32
German, Penn....	4,084 57	2,208 24	54.06
German Am., N. Y.	22,637 11	8,844 41	43.49
Germania, N. Y....	6,141 37	7,205 73	117.33
Glens Falls, N. Y.	2,807 63	1,854 84	66.06
Granite State, N. H	17 72	.....	.....
Hamburg-Bremen...	5,989 66	596 98	9.96
Hanover, N. Y....	5,643 35	3,832 89	67.84
Hartford, Conn....	21,196 40	4,831 35	22.79
Hibernia, La.....	879 65	927 82	105.47
Home, N. Y....	24,510 16	5,950 62	24.28
Home Mutual, Cal.	8,566 76	4,528 40	52.86
Howard, N. Y....	4,127 11	1,146 00	27.77
Imperial.....	13,216 47	7,281 91	55.09
Ins. Co. of N. A....	32,837 18	11,673 75	35.56
Lancashire.....	5,901 22	198 75	3.37
Lion.....	29,539 90	16,074 51	78.20
Liv. & Lon., & Globe	25,330 40	5,595 56	22.09
London Assurance.	4,731 30	5,191 22	109.72
Lon. & Lancashire.	3,986 49	310 20	7.78
Mercantile, O.....	1,271 05	369 00	31.15
Merchants, N. J....	6,819 41	2,975 77	43.63
Michigan.....	857 62	700 00	81.62
Milwaukee Mech's.	5,168 23	499 78	9.67
National, Conn....	3,349 27	1,674 49	49.99
National, Ireland..	not received	.....	.....
National, N. Z....	not received	.....	.....
New Hampshire....	3,224 55	3,415 89	105.93
New York Bowery..	2,277 41	1,633 02	71.70

NAMES OF COMPANIES.	Premiums received.	Losses paid.	Percent of losses to Premiums received.
Northw'n Nat., Wis	\$7,916 70	\$3,668 61	46.34
Niagara, N. Y.....	17,089 77	4,416 00	25.84
North'n Assurance	8,848 70	3,103 40	35.07
N. Brit & Mercant'l	18,634 22	7,014 54	37.64
Norwich Union....	7,156 91	10,284 81	143 82
Oakland Home, Cal.	2,949 52	859 27	29.13
Oregon, Oregon....	3,813 31	2,282 46	59.85
Orient, Conn.....	4,944 13	2,877 22	58.19
Pennsylvania, Pitts	2,435 21	84 83	3.48
Pennsylvania, Pa..	17,861 12	14,485 36	82.00
Phoenix, N. Y.....	23,963 33	9,372 31	39.11
Phoenix, Conn.....	17,920 63	1,401 15	7.82
Phoenix Ass'n, Eng	5,781 56	3,909 02	67.61
Prov. Wash., R. I.	14,552 21	4,278 05	29.33
Prussian National..	not received	.....	.....
Queen, Eng.....	14,285 65	4,380 10	30.66
Royal, Eng.....	7,306 17	6,501 71	88.99
Scottish Union....	not received	.....	.....
Security, Com.....	5,701 89	1,591 69	29.91
South British, N.Z.	not received	.....	.....
Springfield, Mass.	18,654 34	9,896 53	53.05
State Investment..	not received	.....	.....
State, Iowa.....	25,351 01	17,349 79	68.43
Sterling, N. Y.....	7,318 54	1,872 92	25.59
St. Paul, Minn....	15,143 61	10,585 64	69 90
Sun, Cal.....	4,700 71	1,640 87	34.90
Sun Fire Office....	13,123 73	10,399 44	79.24
Traders, Ill.....	12,366 64	8,881 88	71.82
Union, Cal.....	7,893 80	5,843 34	74.02
Union, N. Z.....	not received	.....	.....
United States, N.Y.	1,514 11	308 18	20.35
Washington, Mass.	17,661 72	6,122 90	34.61
West'n Assn., Can	16,420 20	8,430 58	51.34
Westchester, N.Y.	5,138 43	1,399 09	27.21
Wills' b'rg City, N.Y.	1,602 97	2,803 37	174.88
Totals.....	\$812,849 79	\$379,919 33	46.74

### Fire and Marine Business of 1886.

Last year 140 American and twenty-three foreign fire companies operated in New York, or a total of 163. While there are about 300 stock fire companies in the United States, with a cash capital of \$100,000 or more, the companies reporting to the New York Insurance Department transact nearly all the business, and their aggregates are substantially those of all companies.

The assets of the 163 companies, including the American assets of the foreign companies, are \$203,532,235. The assets of the twenty-three foreign companies are \$41,303,750. The aggregate net surplus of all is \$68,173,069. The capital of the 140 American companies is \$61,697,220, upon which \$6,571,463 was paid in dividends, or 10.65 per cent. of the capital stock. The profits of the several classes were: 58 New

York State companies, \$2,098,997; 48 other-State, \$705,883; 21 foreign, \$886,430; a total of \$3,691,315. The losses were: 2 New York State, \$12,197; 17 other-State, \$49,084; 2 foreign, \$17,502; a total of \$78,783, leaving a net profit of \$3,612,533, an increase of \$869,522 over the net profit of the companies reporting for the previous year. This is an apparent net profit of 19 per cent.

The premiums aggregated \$90,835,239. This is some \$4,500,000 more than were reported last year, but as fourteen more companies' figures are included, any comparison of the returns for the two years is useless. The foreign companies' premiums (from the American business, of course) were \$25,737,528, or about 28 per cent. of the whole premium income. The total losses paid were \$52,113,733, or 57.3 per cent., which is a great improvement over last year's record. The foreign branches' loss ratio was 58.1 per cent.

Fifteen marine companies report \$7,526,833 premium receipts, and \$4,743,643 losses paid, a loss ratio of 63 per cent., a trifle more than that for last year.

In the table of risks in force, in Superintendent Maxwell's report, the average ratio of net assets to risks in force is 1.78. This includes marine and mutual figures. The totals are: fire risks in force, \$11,545,456,405; marine and inland risks in force, \$255,309,019; net assets, \$209,630,325. Written during the year: fire, \$10,007,017,858, at an average of 1.02; marine and inland, \$2,047,545,508, at an average of .78.

The average dividend ratio is 12.74. The stockholders of the New York companies received 9.97 per cent. The other-State companies paid 11.83 per cent dividends, and the marine companies, 8.00 per cent.

The average ratio of expenses to premiums was 33.62 per cent. The New York companies paid 38.43, the highest. The marine companies' expense ratio was about 15 per cent., which increases the total average of the fire companies a nominal fraction. The average ratio of expenditures to income was 90.35. The other-State marine companies paid out 108.26 per cent of their income. The total premium income of all

fire and marine companies, mutual and stock, was \$99,422,417, of which \$57,468,185, or 57.77 per cent., was absorbed by losses.

The American fire companies' commissions aggregated \$11,491,305, or 17.7 per cent. of the premiums.

The figures of the foreign marine companies reporting to the New York Department, are as follows:

	Premiums.	Losses.	Ratio.
British & Foreign, Liv...	\$842,636	\$223,038	28.13
General, Dresden.....	64,867	9,368	17.07
Marine, London.....	85,685	17,457	20.37
Sea, Liverpool.....	68,538	74,425	108.59
Switzerland, Zurich.....	188,936	117,280	62.07
Thames & Mersey, Liv...	145,739	63,401	43.50
Union, Liverpool.....	251,574	125,069	49.36
Universal, Liverpool....	44,329	33,447	75.45
Totals.....	\$1,685,324	\$678,087	40.23

#### Great Western Mutual Aid Association.

"A Victim" asks us to again expose the Great Western Mutual Aid Association of Denver, which is represented by Boyd & Williams at Sacramento, he says. We thought that Boyd's Kansas City creditors had frightened him away to greener pastures with his Denver swindle, but it appears from "Victim's" letter that California is too profitable a field to be abandoned so long as the general agent can keep outside of prison walls. Probably, too, there are no greener pastures than California.

It is a bit tedious to recite the character and shortcomings of the big-named Denver assessment company. We have shown in the past that the Great Western Mutual Aid Association is without assets, has a limited membership, pays only a fraction of the face of its certificates, dishonors the drafts of its agents, and is without standing in any San Francisco bank. Its general agent (Boyd) is in bad repute in Missouri, from which State his departure was sudden and without dignity. It is only a few days since the friend of a claimant against the association called at the COAST REVIEW office for information and advice. The claimant is a widow holding two certificates (life and accident) on the life of her late husband, in the sum of \$7,000 altogether. She

had been tendered \$1,091.75 in full payment of her claim by the thieving concern. We told her friend to persuade her to take the one-seventh thus offered. She should be glad, indeed, that the assessments had yielded so much. What was finally done we have not heard, but the conclusion was to first write to the Colorado Auditor of State for authoritative information as to the insolvency of the association.

Paying at the rate of one-seventh of the face of a certificate, a \$2,000 certificate in this association would bring \$285.71, and a \$1,000 certificate would put \$142.85 between poverty and the widow or other beneficiary of a member. From what we can learn, one-seventh is a fair average proportion of claims paid by the Great Western Mutual Aid and the Great Western Mutual Accident associations of Denver. It is a great pity that Commissioner Wadsworth's assessment insurance bill was not passed by the Legislature, for it would have shut up all hat-passers on failure to pay any honest claim. The Denver concern would have been cast out of the State instantaneously.

#### New Nevada Assessment Law.

Senate Bill No. 110 was passed by both houses of the Nevada Legislature at its recent session, and is now the law of the Sage Brush State. Here is the new law:

SECTION 1. Mutual life assessment associations, duly incorporated and organized on the life plan only, and who only issue plain life certificates and none other shall not be required to make a showing of capital stock, but shall be permitted to do business in this State upon the following conditions only: They shall each pay into the treasury of the State, under the direction and to the satisfaction of the State Controller, the sum of two hundred dollars per annum; upon the payment of said sum the State Controller shall issue to such life association a license duly verified under his hand and attested by his seal of office, authorizing such association to do business in this State for the period of one year from the date thereof, and subject to the provisions of an Act entitled "An Act to license and regulate insurance business in this State," approved February 23, 1881, except so far as in this Act special provisions are made.

This is the work of the Home Benefit and the Merchants and Bankers hat-passers of

San Francisco. They can now operate in Nevada without publishing their accounts or making any sworn statements; and by paying a big license fee they hope to shut out other peripatetic hat-passers and keep the field to themselves.

Our Nevada correspondent writes that he fears that this special high license fee may result in a successful effort to raise the license fees of life and fire companies from \$100 to \$200 also.

### The New Zealand Insurance Company.

The annual meeting of the shareholders of the New Zealand Insurance Co. was held in Auckland on January 12, when the statement of the company for the year ending November 30 was submitted by the managers. The business for the year was a satisfactory one, and if the average colonial experience is considered, the comparison is a very favorable one for the New Zealand. The volume of premiums was maintained, and the loss ratio was greatly reduced. The item of interest and rents indicates careful and profitable investments, and the declaration of the usual 15 per cent. dividends is further testimony as to the company's prosperity.

The principal items of the annual statement are as follows, in round numbers: assets, \$2,650,000; premiums, \$1,086,700; losses, \$666,900; loss ratio, 61.2; cash capital, \$1,000,000; dividends, \$150,000.

On the Pacific Coast the New Zealand, under the management of Hugh Craig, did an increased and very profitable business.

### Insurance Advertising.

In these days of universal advertising, when fortunes are admittedly made by the sensible employment of printers' ink, any discussion of the question whether advertising pays is a silly waste of time. Some kinds of advertising do not pay, but judicious advertising will yield large returns to the advertiser. We all go with the crowd, buy with the crowd, and echo whatever the crowd says. Life is too short and too busy to work against the tide. The advertiser, profiting by this weakness of human nature,

goes to work and creates a favorable sentiment or develops the old one. His advertisements are the testimony of the crowd, or at least the crowd finally believe it to be so; and the name of the advertiser becomes so familiar that the instinctive feeling in the public mind is that his place is the place the crowd go, or his wares those which everybody buys. If the advertiser lies, however, he soon wastes his money, for he has started advertisements of his duplicity. His advertising is injudicious.

We look upon a great deal of insurance advertising as injudicious, not for any misrepresentation, but because the means are not properly selected, or the matter is entirely too technical. A great deal of money, too, is paid to the press, which turns like a viper and stings the hand that nourishes it. There is scarcely a daily or a weekly in the United States that treats insurance interests with common fairness. There is always the ready innuendo or the direct charge of extortion and litigation; but the companies do not resent it as they should and could successfully do. Fire and life and accident companies all contribute liberally to the support of the press, which may not return adequate results, and certainly encourages hostile legislation, and bolsters a-sessment life insurance — from cowardice, probably, certainly not for "ads." The companies, by a little firmness, can secure fair treatment and a hearing at least, if they will use their advertising patronage as a cudgel wherewith to beat sense into the heads of newspaper managers.

The only journals which assuredly give adequate returns to the companies for the money invested are the insurance journals. We make this assertion modestly and confidently. The general press not only ignores underwriting matters, but it is positively unfriendly. The insurance journals are the champions and exponents of underwriting, are invaluable recorders of statistics, are disseminators of news and opinions, are the scourgers of swindling enterprises, and are invaluable and indispensable auxiliaries. They are organs and educators, and deal with the public through

the vast body of local, general and special agents. They are more potent far, as class journals, than they would be as popular or general journals. We mean by this that the same matter, the same news, the same figures, the same arguments, in a daily or weekly of general circulation would go unread, would be regularly and studiously skipped by every reader not specially interested in underwriting affairs.

The displayed advertisements in insurance journals are useful in several ways. They help keep the names and resources and age of companies prominently and with inoffensive persistency before local and general agents everywhere. They are also serviceable for reference purposes if properly prepared, as they should be; and they invite correspondence which often produces good fruit. The favorable mention of the companies, appearing in the reading matter, and the reviews of the annual statements, stimulate the old agents and bring new ones. But the claim of the insurance journals depends less upon their advertising facilities than upon their contents. They earn all they get, as class journals, as organs of the companies, and as educational media. In weighing the question of cost and advantages of the insurance press, the advertising facilities, valuable as they are, need not be placed in the scales to insure a favorable verdict.

The Insurance *Monitor* for March contains an interesting and able editorial bearing on this topic. The relative value to the companies of the insurance journals and the daily press, in popularizing life insurance, is considered. The Chicago dailies for the past two years have given much attention to life insurance, presenting elaborately and uniquely the claims of the legitimate article; and while they have doubtless been influential, the result is very disappointing when the means are considered. Thus the *Monitor* shows that in Illinois the new insurance during the past two years has been scarcely more than in Massachusetts, which has only half the population and wealth of the Prairie State. The new insurance in Illinois, be it remembered, was written plus the aid of the daily press.

This significant fact is more than discouraging to those who have regarded the daily press as an invaluable aid in stimulating a demand for life insurance, in correcting erroneous ideas and dissipating prejudices. It simply proves, what we have already stated, that insurance articles are skipped by everybody but the underwriters themselves, just as the market reports and commercial articles are passed over by all but the few specially interested. The *Monitor's* comparative figures of the Illinois and Massachusetts prove, also, that as the daily press cannot popularize life insurance, the companies must of necessity depend upon the insurance press to supplement and encourage the workers.

### A Parody.

On the occasion of Mr. L. B. Cowin's transfer from the Equitable Fire Office of London to the general management of the British branch of the South British and National insurance companies, the retiring Secretary was entertained by his former confreres in honor of his promotion. From one song during the evening, a parody on the Admiral's song in "H. M. S. Pinafore," we copy the following verses:

When I was a lad I served my term  
As office boy to an insurance firm,  
I cleaned the windows, and swept the floor,  
And polished up the handle of the manager's door;  
I polished that handle so carefully,  
That now I sit where he used to be.

As office boy I made such a mark,  
That they made me Endorsement Clerk: \*  
I wrote the sheets in a style so grand,  
And posted alterations in a big round hand;  
I wrote those sheets in a style so free,  
That now I am the ruler of a company.

In writing sheets I made such a name,  
That Policy Clerk I soon became,  
And policies I carefully wrote,  
And all new orders drafted out;  
I managed that department so thoro'ly,  
That now I am the ruler of a company.

\* Pronounced "clark" in England.

The Union Mutual Fire Insurance Company of St. Louis, started in 1885 to supply indemnity cheaper than the stock companies, has failed.

### Brown, Craig & Company's Agency.

Of the numerous general agencies in this city, that of Messrs. Brown, Craig & Co. ranks first in the volume of Coast fire premium receipts for 1886—\$338,680—and second to one local company only. The fire companies represented by this enterprising firm are the Phenix of Brooklyn, the American of Philadelphia, the Pennsylvania of Philadelphia, and the Insurance Company of the State of Pennsylvania, also of Philadelphia. The combined assets of the four companies are \$11,033,452. The combined age is 266 years, or an average of 66½ years. The oldest was organized in 1794 and the youngest in 1853. All have the conservative stability of age, the energy of success, and the special security of a large net surplus.

#### Phenix of Brooklyn.

The Phenix Insurance Co. of Brooklyn, N. Y., leads all the American companies in the extent of its premium income, by two millions, exceeds all companies to the same amount in the American business, and its total premium income is the largest of any fire company in the world, with one exception. The phenomenal growth of the Phenix is something to marvel at. Seven years ago, in 1879, its premium receipts were \$2,162,588. Last year they were \$5,553,877. In the same short period the assets ran up from \$2,532,670 to \$5,383,172. The net surplus is \$657,087 in excess of \$1,000,000 capital and all liabilities. Such a company may well command the choicest risks and carry the largest lines. Since organized, in 1853, the Phenix has paid \$29,656,868 losses.

#### American of Philadelphia.

The American Fire Insurance Co. of Philadelphia presents its *seventy-seventh* annual statement elsewhere. It was organized in 1810, when the United States merely fringed the shores of the Atlantic. During the past five or six years the policy of the company has undergone a change. It has spread out over more territory and quadrupled its annual premium income. The latest move of the company is to establish a branch in London, and compete with the Britisher in his own country. The total

assets of the American on the 1st of January were \$2,301,859, with a net surplus of \$552,875 over all liabilities and its cash capital of \$500,000. The premium income last year was \$1,177,109, and the losses were below the average.

#### Pennsylvania of Philadelphia.

Here is another old Philadelphia company, the Pennsylvania Fire Insurance Company, which can report sixty-two years of honorable life, a net surplus three times its capital, an annual premium income of nearly a million, and assets to the amount of \$2,710,885. It is not to be wondered at that its stock is selling at 140 per cent. premium. Like all the old Philadelphia companies, it is popular, prosperous, and conservative. Turning to its annual report, we find the net surplus to be the handsome sum of \$1,227,426, making the surplus to policyholders \$1,627,425. Its premium income during the past five years has advanced from half a million to \$901,254.

#### Insurance Co. of the State of Penn.

The oldest of the companies represented by Brown, Craig & Co., and one of the oldest in the world, is the Insurance Co. of the State of Penn. It is the creation of another century, having been organized in 1794, when the United States was scarcely out of its colonial leading-strings, and Philadelphia was comparatively a small town. The company has all the caution of age, and is ambitious only to make a strictly honorable record. It moves along quietly and securely, content to do a modest business of about \$200,000 annual premiums, and pay losses promptly and dividends regularly. The company has \$637,538 assets, a net surplus of \$192,040, and a cash capital of \$200,000. During the ninety-seven years of its honorable career it has paid \$14,625,153 in losses. This venerable corporation has a French Spoliation claim of \$1,300,000 against the Government for marine losses sustained when Washington was President, and this claim is admitted by the courts to be correct.

Overhead wires delayed the firemen at the recent Buffalo hotel fire. Valuable time was lost in placing the ladders.

*Fire Ins. Co. of Hartford, Conn., December 31st, A. D. 1886.*

J. J. AGARD, SPECIAL AGENT AND ADJUSTER.



### W. J. Callingham.

For the past twenty years the subject of this brief sketch, W. J. Callingham, has been engaged in the insurance business in San Francisco. He was first associated with the North British & Mercantile as special agent and adjuster, and established the agency system of that company on the Pacific Coast. When the agency of the North British & Mercantile was transferred to R. H. Magill, to do a joint business with the Home and Phoenix, Mr. Callingham became the city agent for the three companies. This was in 1873. Subsequently he became special agent and adjuster for the Commercial Union, and while serving the company in that capacity he planned and carried out its agency system. After several years connection with the Commercial Union, he accepted the general agency of the Royal Canadian. Mr. Callingham introduced that company to the Coast public, and his activity and personal popularity speedily built up a business of \$150,000 annually. His was the only successful agency the Royal Canadian had in this country; but the big fire in St. John, New Brunswick, forced the company to retire and concentrate all its remaining funds at home. Prior to the withdrawal of the Royal Canadian the South British of New Zealand was added to Mr. Callingham's agency. The National, also of New Zealand, afterward joined the South British in this field, the two companies writing a joint policy. The City of London was thereafter added to the agency.

The several companies for which Mr. Callingham was general agent were young, new to the Coast, and nameless so far as local reputation is considered. The hard work of favorably introducing them to the people of this Coast fell upon the general agent, who very successfully devoted his energies to the task. Under Mr. Callingham's management the business of the two New Zealand companies in this field, fire and marine, rose to the extraordinary volume of \$300,000 premiums annually. The business of the City of London advanced in proportion.

With recent events pertaining to the gen-

eral agency our readers are familiar. The extension of the business of the South British and National Eastward and to Hawaii proved unfortunate, and absorbed the profits of the Pacific Coast agency. The National withdrew from this country, after reinsuring its risks in the South British. The latter substituted a Coast department for its old general agency.

The Bates defalcation is doubtless still fresh in the memory of the reader. He was the cashier of the agency, and had the entire confidence of his employer, a trust which he abused most shamelessly. Mr. Callingham gallantly met the responsibilities of his cashier's delinquency, and at great personal sacrifice paid every dollar of the thousands embezzled from his companies. To do this he sold his home much below its value and disposed of promising securities which have since advanced 10 per cent. The relations between the South British and National and their late general agent are of the most amicable character. The accounts were balanced to a cent, and the retiring agent was given unsolicited assurances of the esteem and confidence of his principals.

Mr. Callingham is now located at 420 California street, where he represents the City of London Fire Insurance Company, which is bound to profit largely by the change. The City of London has a paid-up capital of \$1,000,000, and nearly \$2,000,000 assets, with a yearly premium income of over \$1,500,000. The United States assets are \$746,186, with \$355,608 surplus, and a premium income of \$556,164. These figures attest the standing of the company and the value of its indemnity.

### Fire Trap Buildings in England.

Even in staid, substantial old England there are unsubstantial buildings—sham wooden structures which court the fire fiend in every angle. The *Insurance Speculator* of London of recent date says:

London itself, perhaps, possesses the most complete and perfect fire organization, but under existing conditions the best suppressive means are at a great disadvantage when a fire has once gained hold. The construction of buildings nowadays is

the most serious obstacle to the extinction of fire. The material used and the manner in which most ordinary buildings are put together is surprising, to use no stronger term. The quantity of wood in the majority of dwelling-houses is nearly sufficient to render the structure little better than a funeral pyre. Floors, roofs, and even partition walls are often mainly constructed of wood. So long, then, as this style of building is continued and permitted by law to exist, so long will the support of a large and costly fire corps in every town and city be necessary, and so long will a high rate of insurance premium be demanded and obtained. What, then, is the remedy? The remedy lies in the construction of as nearly as possible fire-proof buildings instead of carefully arranged and concealed stacks of bonfires ready for the match. People have no confidence in our modern buildings, for they know that when once a fire has fairly begun, there is little hope of arresting its progress until it has well-nigh burnt itself out. A cry of fire in any well-filled building is the signal for a hasty rush to get outside as quickly as possible, of which we have only a recent instance.

### The Hartford Fire Insurance Company.

#### THE SEVENTY-SEVENTH ANNUAL STATEMENT.

We print elsewhere the *seventy-seventh* annual statement of the Hartford Fire Insurance Company. What a long career this corporation has had! Organized in 1810, when the republic was in its swaddling clothes and fire underwriting was only crudely practiced, it has survived all the vicissitudes of corporate life, great fires and hard times, and has seen numerous rivals and contemporaries give up the struggle or miserably fail. The Hartford Fire has not only survived the tempestuous years, but it has grown and flourished because it has kept abreast with the times, has been well managed, and has been old merely in the number of years. Its methods have had all the vigor of youth, and were not the rusty ones of age.

Last year the Hartford Fire passed the five million post in the lane of assets, adding some \$300,000. The premiums and net surplus made corresponding gains, and the losses were less. The usual 20 per cent. dividends on the \$1,250,000 capital were paid. To be exact, the assets of the Hartford Fire on January 1st were \$5,055,946, the net surplus was \$1,789,987, the premiums for 1886 were \$2,350,372, the loss ratio

was 56 per cent. of the premiums, the dividends were \$250,000, and the total amount at risk was \$281,274,826. Tall figures, all, which make a strong and favorable impression.

The reader is doubtless more familiar with the Hartford's figures in this field, where the company is represented by Belden & Cofran as managers; but we may mention them incidentally, and call attention to the fact that the Coast business increased considerably, notably in California, while the losses were less than for the previous year. The amount written was \$11,485,996, the premiums were \$185,896, and the losses only 36 per cent. thereof, or 19 per cent. less than the average. The increase in business, notwithstanding the reduction of lines and restriction of territory, is very creditable to the new managers, Messrs. Belden & Cofran.

### Fishermen's Luck.

Last Thursday evening several members of the underwriting fraternity might have been seen — in fact, were seen — hurrying down California street, with natty fishing poles and odd-looking packages. The old adage, jug not lest ye be jugged, evidently had been forgotten or was discredited by the gentlemen. The five-o'clock boat and 5:30 train carried the party to the appointed rendezvous, whence they started not bright but early for a trout stream twenty miles away. It was the opening day of the season, and all were confident that if everybody else had not forgotten that fact, certainly nobody could surpass the enterprise which had roused them at 4 A. M. Great was their dismay on finding numerous fresh wheel-tracks in the dusty mountain road as they approached the appointed place, and all the horse-footprints pointed in the direction they were going! When the "forks" were finally reached, a stimulating picture presented itself. The general aspect was that of a country picnic. Every tree in the vicinity sheltered horses, wagons and carriages; and the little mountain brook was literally lined with fishermen, busily casting flies over every pool and ripple. Our enterprising San

Franciscans were the last to arrive! the others had come the night before, or sooner, and several—for whom the law had no terrors—had begun fishing two days before the lawful date. The San Francisco party were greatly cast down, especially John; but it soon followed, strangely, that just in proportion as John's spirits went down, the spirits of the others rose, especially Mac's; and there was nothing malicious, either, in the general hilarity at John's expense. The result of the first day's fishing was not encouraging, for none of the strangers would sell any of their fish; but around a pleasant camp-fire at night, after a good dinner of cheese and crackers and "longer water," the ill luck and discomforts of the day were forgotten. In the course of the reminiscences which were indulged in, there was disclosed one of those strange coincidences which nourish the superstitious vein in men's natures. Ben., Ed., Mac and John had all been members of the glorious old Seventy-first Pennsylvania—"always the last to arrive and the first to leave." The torrent of war memories soon sent all the others to their hammocks. The morning sun found the party clambering over rocks and wading the brook, casting their lines everywhere and catching trout nowhere; and the noon-day sun observed them trudging back to camp, tired, wet and hungry. They did not return home without fish, however, for a thoughtful landlord presented them with a box of sardines, and one member of the party carried in his basket a couple of dace, which he proudly displayed as "speckled trout." This is a true account of their fishing excursion, but if you make inquiries of any of the party, you will receive a different story. You will be told of the speckled beauties the party caught, of the number of pounds they had, and of the good time enjoyed; but of the accidents and discomforts you will hear nothing. It is not to be expected that any of the party will admit that the bait was forgotten, that one man got hooked in the ear, that another had to climb a tree to liberate his hooks and leader, that still another fell off a big boulder and broke his

finger, and that this very sober party of San Francisco underwriters came home without one of their party, John, whom they very forgetfully left behind. If all these little incidentals are to be remembered, nobody would ever go fishing.

### San Francisco Fire Premiums.

Following is a table of San Francisco fire premium receipts by agencies for the year 1886, arranged according to amount. Some of the agencies received more and some less than they are credited with, a city business being transacted, in some instances, for companies not otherwise represented:

	Premiums.
Jacobs & Easton, ten companies.....	\$99,730
Hutchinson & Mann, eleven companies..	98,706
Dickson & Macdonald, five companies....	88,770
Chas. D. Haven, one company.....	84,158
State Investment .....	82,377
Speyer & Herold, two companies.....	79,539
Balfour, Guthrie & Co., four companies..	70,247
Brown, Craig & Co., four companies.....	70,215
Royal, Norwich Union & Lancashire.....	67,905
L. L. Bromwell, two companies.....	64,781
C. F. Mullins, one company.....	62,158
Anglo-Nevada.....	61,005
Hugh Craig, one company.....	59,341
Wm. J. Dutton, two companies.....	58,928
Harry W. Syz, two companies.....	55,614
Walter Speyer, one company.....	55,324
Butler & Haldan, three companies.....	49,919
Tom C. Grant, two companies.....	48,950
Ed E. Potter, five companies.....	46,838
Gutts & Frank, two companies.....	46,203
Geo. D. Dornin, four companies.....	45,043
Manheim, Staples & Co., three companies	43,874
Wm. J. Landers, one company.....	43,063
Union.....	42,459
Geo. Boardman, one company.....	41,207
Home Mutual.....	38,885
Cesar Bertheau, one company.....	37,846
Home & Phoenix.....	37,255
W. J. Callingham, two companies.....	36,189
H. M. Newhall & Co., three companies...	35,272
Jacobs & Easton & Chalmers, one company .....	34,918
Belden & Coffran, one company.....	34,756
Herschfield & Jacoby, one company.....	32,953
Smith & Moody, four companies.....	32,074
Chas. A. Laton, two companies.....	31,462
Geo. Marcus & Co., one company.....	28,562
W. F. Blood, two companies.....	25,328
Southern California.....	17,872
J. M. Philip, one company.....	17,739
T. A. Mitchell, two companies.....	16,533
Jos. C. Jennings & Co., three companies..	10,888
A. C. Donnell & Co., one company.....	9,726
J. W. Maillard, one company.....	5,253
Wm. Beck, one company.....	636
Total.....	\$2,064,184

The companies experienced a hard time in Maine last year, the losses exceeding the premiums. The premiums were \$1,092,549, and losses \$1,105,562, or 101.2 per cent. The Hartford Phoenix ranked first in premiums.

### Metropolitan Compact Breaks.

A telegram was received yesterday, announcing the failure or dissolution of the Metropolitan Compact of New York. It was but recently organized, but strong hopes of its ultimate success were entertained. Its speedy disorganization, before fairly tried, is a sad blow to New York city underwriting interests, and will have a demoralizing influence on compacts generally.

At a recent meeting of the Metropolitan Compact, it was stated that many of the companies were availing themselves of the provision for establishing branch offices and employing solicitors as a means of violating the contract. If they knew of a broker having a large business which they wished to control, they immediately either established a branch office and made the broker its manager, or they appointed him a solicitor—in either case at a commission higher than the stipulated 10 per cent. In this manner, it was said, nearly 800 brokers became solicitors at commissions ranging from 20 to 40 per cent.

### Endowment Assessment Insurance.

A few years ago some sharpers in Texas devised a money-making scheme now variously known as "endowment" and "self-endowment" co-operative insurance. They styled their rascally venture "The Mutual Self-endowment and Benevolent Association of America," and fortified it with the customary references—prominent merchants, professional men and State officials. The promises of profit were foolish, an endowment of four dollars for every dollar expended being guaranteed. The *COAST REVIEW* exposed the swindle in its issues for July and August, 1884, and predicted the disastrous failure which soon followed.

This Texas fraud was the parent of a brood of similar endowment hat-passers in California, at least two of which have already failed. They all are like their Texas mother, and cannot possibly survive their allotted five or six years of life, or the time when their endowment coupons begin to mature. We are informed that a very

brisk business is being transacted throughout California, wherever thoughtless and foolish people are to be found—which is pretty much everywhere.

### The Gambling Spirit

in human nature is addressed by these endowment hat-passers with the enticement of an "advance loan" of \$100, and a promise of "four for one;" but the victim never has even the poor show of the faro, keno, or chuck-luck gambler. Several of the San Francisco and Oakland endowment associations appear to be family partnership affairs, for such names as Russell, Ward and Taylor et. al., with Mr. and Mrs. and Sr. and Jr. prefixes and affixes, are to be found in the printed lists of officers. It is to be noted, too, that the officers and their wives, sisters, cousins and aunts monopolize a large share of the coupon loans or endowments.

We suppose it does no particular good to ventilate such transparent swindles. One might as well talk to a dead mule as try to reason with the man or woman who believes

### The Rot

these endowment co-operatives print. Is he or she open to conviction, who believes that any company or association beginning without capital, with no income other than assessments, can pay out more than it receives? Yet that is just what all the endowment hat-passers undertake to do; and they do not simply promise more, but from three to four times more than they receive. And this absurd offer not being bait enough for gudgeons, they affix a hundred-dollar loan to the glittering hook.

All these California endowment hat-passers are substantially alike, and none differs in any important respect from the several that have already failed. They are without capital or assets, no claim against them can be enforced in the courts, and there is no security for the funds entrusted to them. The ordinary co-operative is a humbug or a foolish experiment, but these endowment co-operative concerns are one and

### All Vile Swindles.

Widow Bridget Carter, of 1701 Adeline street, Oakland, will endorse this charge,

for she realized only \$100 on a \$5,000 certificate on the life of her husband. She was entitled to one-fifth of the certificate, or \$1,000, but the assessment levied by the Pacific Mutual Endowment Association yielded only \$124.35, and \$24.35 of that went for "expenses." We are reminded of a pernicious feature of this variety of so-called insurance, namely, the payment of only one fifth of a certificate in the event of death. This endowment scheme is therefore without a redeeming quality. The ordinary co-operative assumes to pay the face of a certificate if possible, and levies an assessment accordingly; but the endowment fraud assesses for only one-fifth, and receives a smaller sum in proportion—always an insignificant sum. The prime purpose of hat-passing insurance, for which it is tolerated by law, the relief of the poor, is therefore defeated. The endowment hat-passers administer no relief to the widowed and fatherless, but they do cultivate gambling instincts and support vagabond adventurers who prey upon stupid and credulous workingmen and workingwomen.

Let us briefly consider the

#### Leading Features

of this endowment assessment insurance. Five endowment coupons are attached to each certificate, payable in various periods, from two and a half to eight years, according to the life expectancy of the certificate-holder. Each coupon represents one-fifth of the certificate. The beneficiary receives only one coupon if the member dies. As no considerable number of coupons can mature for five or six years, these associations have a reasonable assurance of that length of life, and the managers are therefore sure of "a fat thing" for several years. There are no sources of income except the membership. Advance assessments are levied to make advance loans, of which the managers take good care to get their large share. These loans are the prizes which widen the circle of dupes.

The circular of one of these swindling concerns, the Mutual Endowment and Protective Association of Santa Rosa, lies before us. Its pledges are a fair sample of all. If a member from forty-four to fifty

years old, with twenty years of expectancy, takes

#### A \$5,000 Certificate,

it will cost him, according to the circular, \$1,250 in assessments and dues for twenty years. For this sum the association promises to pay him in return \$5,000, or exactly four times as much as he pays in. The annual dues are \$5, the assessments are advertised to be only twelve per year, at \$4.75 each. Or

Annual dues, four years.....	\$20 00
Assessments (as advertised), twelve per year, 48 in four years, \$4.75 each.....	228 00
Total cost, for one coupon period ..	\$248 00
Multiplied by five coupon periods.....	\$1,240 00
Membership fee .....	10 00
Total cost of \$5,000 certificate.....	\$1,250 00

But as twenty years would be long for the most credulous to wait, these associations promise to pay their certificates in fifths, while the member is living, at the end of every fifth of the estimated life expectation. In the case of a man aged from forty-four to fifty, for example, the association promises to pay him \$1,000 at the end of four years, for the \$248 assessments and dues, plus a \$10 admission fee. That would be

#### A Net Profit of \$742.

What is the use of arguing with the kind of people who believe that any company can execute such contracts? If there were no expenses of management, and all the receipts were placed at 40 per cent. annual compound interest, neither this company nor any other could discharge such obligations. No economy and honesty of management, nor any possible growth nor profit from wholesale lapses, will enable any mutual endowment hat-passer to execute the contracts which they enter into with their members.

We reprint below a table illustrating in another way the wicked folly of this assessment endowment scheme. It first appeared in the COAST REVIEW for December, 1885:

#### MUTUAL ENDOWMENT ASSOCIATION OF OAKLAND.

Thirty-eight ages given ranging from 18 to 55, say 100 members each—3,800. Each insured for \$5,000. Annual death rate, 1 per cent.; average annual cost, \$50; amount of each coupon, \$1,000. Association pledges itself to pay in five years—

600 coupons, ages 50 to 55.....	\$600,000
160 coupons, by deaths among remaining 3,200 members.....	160,000
Total.....	\$760,000
Receipts, \$50 per year each from 3,800 members.....	950,000
Surplus fifth year.....	\$190,000
Add assessments during sixth year.....	\$190,000
Resources sixth year.....	\$380,000
Liabilities, 500 coupons maturing sixth year.....	\$500,000
Liabilities, 32 coupons maturing sixth year by deaths.....	32,000
	532,000
Deficiency.....	\$152,000
Add 500 coupons maturing seventh year.....	500,000
Add 32 coupons maturing seventh year by deaths.....	32,000
Total liabilities seventh year.....	\$684,000
Receipts, assessments seventh year.....	190,000
Deficiency.....	\$494,000
Add 500 coupons maturing eighth year.....	500,000
Add 100 coupons maturing eighth year, ages 55.....	100,000
Add 32 coupons maturing eighth year by deaths.....	32,000
Total liabilities eighth year.....	\$1,126,000
Receipts, assessments eighth year.....	190,000
Deficiency.....	\$936,000
Add 500 coupons maturing ninth year...	500,000
Add 200 coupons maturing ninth year, ages 54 and 55.....	200,000
Add 32 coupons maturing ninth year by deaths.....	32,000
Total liabilities ninth year.....	\$1,668,000
Receipts, assessments ninth year.....	190,000
Deficiency.....	\$1,478,000
Add 500 coupons maturing tenth year...	500,000
Add 300 coupons maturing tenth year, ages 50 to 52.....	300,000
Add 32 coupons embracing tenth year by deaths.....	32,000
Liabilities tenth year.....	\$2,310,000
Receipts from assessments.....	190,000
Deficiency.....	\$2,120,000
Amount to be collected before the original members entering at 25 can collect their first coupon.....	2,120,000

From 1881 to 1886, inclusive, twenty-two foreign companies suffered an average loss ratio of 71.82 per cent. on their Pennsylvania business. Twenty-eight domestic companies, in the same period, lost on average of 58.78 per cent. of their premiums. The combined average was 63.89 per cent.

## A \$400,000 Fire and No Insurance.

### HOTEL FIRES AND PRIVATE APPLIANCES.

The magnificent Hotel del Monte at Monterey was entirely destroyed by fire on the night of April 1. The loss was \$300,000, without any insurance. The fire occurred near midnight, and spread so rapidly that the several hundred guests were compelled to flee for their lives, clad in their night-clothes, and without their personal effects. It is roughly estimated that the wearing apparel, jewelry, etc., thus lost exceeded \$100,000 in value. It is believed that the fire was incendiary in its origin. The numerous and costly fire-extinguishing appliances were useless, as is usually the case. The water didn't flow when wanted, and the unchecked flames therefore soon reduced the beautiful building to smoking ashes.

We recall two other hotel fires which proved the unreliability of private fire-extinguishing appliances—the Montezuma in New Mexico and the Richmond in Buffalo. Both buildings were provided with hundreds of feet of hose and numerous fire plugs, with an unlimited supply of water; but when the fire occurred, there was some difficulty or disorder or ignorance which prevented the use of the hose or other extinguisher. The Richmond hotel was a mere fire-trap; but the Montezuma hotel, burned a year before, had been rebuilt, with all the improvements designed to make a reasonably fire-proof structure. It was advertised as such. The hose and tanks and extinguishers and trained servants and stone uprights and iron cornices of the new hotel were heralded abroad to counteract the natural distrust of a hotel which had once before been burned. Well, notwithstanding its fire-proof character and its fire-extinguishing apparatus, the Montezuma again burned, within a year of the former fire.

The insurance companies have been fortunate in carrying no risks on Charles Crocker's property. It has been the policy of that gentleman and his business associates to dispense with insurance, a sinking fund being created to meet possible losses.

Within the past year and a half two losses have been incurred—the burning of the Crocker building on Bush street and the Hotel del Monte—aggregating \$375,000 at the lowest estimate, a sum which would have paid the premiums for fifty years on all the combustible property—depots and rolling stock excepted—of the gentlemen who carry their own insurance. The moral is: Keep your property well insured. If it doesn't pay Crocker and associates to carry their own insurance, it certainly will pay no individual, firm or corporation to follow their example.

### Smith & Moody Make an Assignment.

Messrs. Smith & Moody, general insurance agents in this city, representing the American Central of St. Louis, Amazon of Cincinnati, and Pacific of New York, made an assignment to George H. Foster on April 1. At present it is not known what their liabilities are. It is understood that they owe their companies considerable, and various agencies for risks placed in this city. The assignee is making up a statement from the books of the agency, and will be prepared to make a statement of assets and liabilities within a few days. We are of opinion that the gentlemen were ill-advised by their attorneys as to the proper course to pursue, as it is an unsettled question whether agents representing principals, whose funds have been absorbed by expenses of handling the business or otherwise, can legally make such an assignment as made, for the outstanding premiums due the companies can hardly be considered an asset of the agents. It is true the general agents have an interest in the outstanding premiums, but it is doubtful if they can authorize an assignee to collect all the premiums, or bind their companies thereby.

The American Central and the Pacific have appointed Rollo V. Watt, by telegraph, to represent their interests temporarily, and he is empowered to receipt for premiums and transact such other business for the companies as may arise. Secretary Charles Christenson of the American Central arrived in this city on the 6th inst., and a representative of the Pacific is expected

daily. The Amazon has appointed L. L. Bromwell to look after its interests for the present.

### Agents' Compensation.

A circular on the question of commissions, addressed to agents, has been issued by the Western Union of Chicago, and signed by all its members. It begins by saying that the best underwriting judgment, confirmed by comprehensive results, declares 15 per cent. of the premium to be the highest rate of compensation the business will endure. The conclusion is that the companies signing the circular have resolved to remain in no agencies where a higher rate of commission than 15 per cent. is paid for business. This seems like "business," for if this resolution is adhered to by the numerous companies, the commission question, so long a source of contention, must be quickly and satisfactorily settled. The matter is now under consideration by the Pacific Insurance Union, and some definite action will probably soon be taken by that body.

It may seem paradoxical to say that the interests of the local agents require a uniform and low rate of commission; but the diminution of competition and the refusal of rebates, following the lower rate of commission, more than compensates the agent for his loss of commission. This endeavor to fix the rate of commission at 15 per cent. should therefore receive the hearty co-operation of all agents whose principal business is insurance. Whatever their temporary interests may be, their permanent interests are identical with the companies in this matter.

A German paper says that the new life business written in 1885—the foreigners are always a year late with their reports—was only \$67,663,900, or less than the annual new business of any one of several of the great American life companies.

The Security Live Stock Insurance Company of Bloomington, Ill., a new enterprise, has collapsed, leaving \$15,000 unpaid losses and no assets. It was not a legitimate enterprise, and its failure, therefore, is not to be charged to live stock insurance itself.

## SHEAR ROBBERY.

### PARAGRAPHS FROM SUNDRY AND SOME DRY SOURCES.

An exchange says that women should learn to whistle. There are a number of women who have learned the art, and learned it thoroughly, too. They are mostly the widows and orphans of men who insured on the assessment plan—they "whistle" for the claim.—*Weekly Statement.*

In all industrial affairs "God takes care of those who take care of themselves." Take out, then, a good policy in a sound life insurance company—a non-forfeitable policy—as large as you can afford, and as years roll on thank God that should you die your family will not fall into the bitter woes of poverty.—*Henry Ward Beecher.*

If there is a spectacle more than usually grotesque it is when the dear people, by their representatives in legislature, enact laws to increase their own burdens. Every law making business more difficult to transact, making it more costly to the men and the corporations conducting it, or in its operation playing into the hands of incendiaries and thieves, as a "valued policy" law, or "total loss" law, or any kindred idiocy infallibly does, imposes additional expense on the people which the people must pay.—*St. Louis Examiner.*

Of 52 centenarians 24 only had no teeth, the average number of teeth remaining being four or five. Long hours of sleep were notable among these old people, the period of repose averaging nine hours; while out-of-door exercise in plenty and early rising are to be noted among the factors of a prolonged life. One of the centenarians "drank to excess on festive occasions;" another was a "free beer drinker," and "drank like a fish during his whole life." Twelve had been total abstainers for life, or nearly so, and mostly all were "small meat eaters."

The people of Minnesota have been duped into paying hard-earned money for assess-

ment insurance, which seems cheap; but its apparent cheapness is more than equaled by its utter worthlessness.—*Insurance Commissioner Shandrew.*

We were recently shown a long list of underground companies sustaining a loss on the property of a prominent lumber firm. The loss occurred some months ago, and the list we saw represented some \$80,000 of the insurance. Although the claim was long since due and its justness was indisputable, not one of the "undergrounders" has paid, and some of them had actually no corporate existence. Persons who are "too smart" to insure with the reputable local agents of their town are likely to come to grief sooner or later.—*Golden Gate.*

It is of infinitely more importance that a company should have a low loss rate than that its expenses of management should be small, for these latter may and do help to build up a good business in the future, whereas a high loss rate shows, if not bad management, at least bad luck, and a dead loss of cash out of pocket.—*London Review.*

It has been told to me as a fact that the reason many of our forefathers built their houses with Dutch roofs was because in those days buildings were taxed according to the number of stories, and that a house with a Dutch roof, having properly speaking two stories, was considered but a one-story building if the shingles came down to the top of the first story.—*Correspondent.*

An insurance grave-yard, but nineteen years old, containing *seventy-two* monuments, under which are buried thirteen millions seven hundred and eighty-two thousand four hundred and eleven dollars and seven cents, is not a healthy record of fire underwriting in Ohio, and should admonish you that a ~~an~~ is not profit with these corporations, but, on the contrary, the margin of profit is but small to the successful companies, and *this* profit only attained by the most careful and conservative management. I attribute the great increase in the ratio of losses in Ohio during the past six years to incendiarism, fostered by the

"Howland law," section 3,643. I respectfully refer you to statistics, given on page 10 of my report for 1885, which show an increase of 17 per cent in the average losses in Ohio since the passage of said law. If it were possible to gather statistics on the *actual* loss of property destroyed by fire since the passage of said law and not covered by insurance, to add to this, the result would be startling. Rates of insurance are governed *wholly* by the loss ratio, and a law which invites *crime* and increases the loss ratio, as has been shown beyond dispute, certainly puts excessive burdens *directly* upon our people, and in justice to their demands and the fast wasting capital of these useful corporations, should be at once repealed.—*Ohio Insurance Commissioner.*

### THE OLD WORLD.

The amount of business of our marine companies was decreased during the year in two modes: the number and importance of risks diminished through continuance of the financial crisis, and the amount from premiums was less because they were lowered to attract business. The second half of the year opened favorably, and in November business was fair; but December proved actually disastrous, being distinguished by the large number of losses, as well as great size of many of them. Parisian marine companies lost 2,000,000 francs by the City of Victoria alone, which steamer was sunk in the harbor of Lisbon by collision with the English armored man-of-war Sultan, through parting of the chains holding the latter. It is hoped that the English Government, as an act of justice, will assume the total loss on this vessel, which amounts to 3,000,000 francs.—*Paris L'Argus.*

In Paris the excellent system of drains enables the telegraph engineer to lay his wires in lead pipes fastened to the top of the arch. Throughout the whole of Germany the exigencies of war and climate led to the completion of the underground system of telegraph wires in 1880. In Vienna both telegraph and telephone wires are car-

ried on brackets along the front of the houses. In London most of the telegraph wires are buried, but the chief nuisance there, like in Berlin, arises from the telephone lines, which are increasing daily. It is cheaper to swing a wire in mid-air than to carry it underground, for three reasons: First, the aerial line need not be insulated; secondly, the cost of tubing and of excavating is avoided; and, thirdly, the engineer can take short cuts overhead instead of being compelled to follow all the awkward angles of the streets. But the electrical overhead wires in Europe are doomed.

The French fire loss ratio for 1886 is put at 57 per cent., and the Italian at 50 per cent.

There are no native fire insurance companies in Turkey, and it is only eighteen years since the first foreign agencies were planted there.

In Italy, by a royal decree, all insurance companies must hereafter make their annual reports after a prescribed form, as in America. In making up a schedule of assets, the companies are forbidden to take credit for any real or supposed increase in value of "house property," unless realized by actual sale. Fire companies must carry to the reserve, as a provision for unexpired risks, as many twelfth parts of each premium as there are months to run before the risk has expired. Or, if they calculate the reserve in any other way, at least one-third of the year's premiums must be set aside.

Austrian life companies are now accepting war risks in three degrees at the extra rates of six, four and a half and three florins per thousand, payable annually for six years, to be renewed or dropped at the end of that time. Risks are not accepted after declaration of war. The extra rates are based on statistics drawn from modern wars.

The *Chronicle* of New York estimates the fire loss of the United States for 1886 at \$104,000,000, of which nearly \$12,000,000 was caused by incendiarism.

### THE MONTH.

The Michigan Commissioner of Insurance, in his annual exhibit, deducts from the assets all special deposits made in States for the exclusive benefit of policyholders therein. Any law requiring such a special deposit, from domestic companies at least, is worthy only of a semi-barbarous people.

A table of the life experience of forty-four American life companies is printed elsewhere. It is not merely interesting, but it is useful, correcting erroneous impressions as to the results and cost of genuine life insurance. Since organization the forty-four companies have received \$1,516,282,419 in premiums, and have returned to policyholders \$1,090,354,926. The present assets, standing to the credit of the policyholders, aggregate \$600,488,411, making the total to be charged to policyholders, that is, assets and payments, \$1,677,471,715, or \$161,189,296 more than the policyholders have paid to the companies. All the management expenses have been paid "over and above" that 160-odd millions, which represents the profits secured by good, honest management and careful investments. No life agent need be ashamed of his calling, nor need he fear the slanders of the hat-passers, with these figures in his possession.

Potter Palmer of Chicago recently repaid the last dollar of a loan of \$1,500,000, borrowed of the Connecticut Mutual Life after the great fire, on a security of his entire real estate, valued then at over \$4,000,000. The wisdom of both Mr. Palmer and the management of the Connecticut Mutual has been strikingly verified by the growth of the city and the prosperity of the borrower.

The celebrated Dwight life insurance has been settled, the \$105,000 remaining having been canceled for \$18,000. Most of the companies fought the claim, the evidence strongly proving that Dwight had deliberately committed suicide to enrich his family. The costly litigation of the claim has doubtless made all life companies exercise greater care in investigating all

large insurances. Had the companies been informed of Dwight's real circumstances—he was bankrupt—his applications would have been rejected. The compromise is in no sense a recognition of the validity of the Dwight claim, but is a cheap disposal of a protracted and vexatious suit—the heirs receiving what the lawyers would otherwise get. The policyholders will therefore have no reason to complain. It is to be regretted, however, that the matter was not finally settled by the courts in favor of the defendant companies, as the decisions thus far have been.

Life insurance lost a warm friend when Henry Ward Beecher died. Just before the great preacher was stricken with his fatal illness he wrote an interesting letter on life insurance, in reply to a young Lutheran who wrote for advice. Nearly all our readers have doubtless seen Mr. Beecher's letter in print.

It appears that the Lutheran Church objects to life insurance, and expels members who shield their families with a life policy. A carpenter wrote to Mr. Beecher to this effect, and added that his pastor told him that "God forbids anyone to sell his body," and further, that God would take care of his family. Mr. Beecher replied:

Our correspondent represents his pastor as saying, "God forbids anyone to sell his body." Where does God forbid it? Let him point to his authority. It certainly cannot be found in the Bible, and even if it could, what has it to do with life insurance? Insurance companies have no use for men's bodies, nor is it their interest to have men die. On the other hand, it is to their interest that men should live as long as possible and pay their annual dues. Those who are likely to die soon are rejected upon preliminary examination, and only those insured who are healthy, sound and likely to live out the full average of life. In like manner his pastor tells him "that if anything should happen to him God would take care of his family." Does God, then, take care of the improvident, the indolent and the negligent? This would be a premium on laziness. Should this doctrine be applied to human life at large it would strike at the very life of enterprise, foresight and industry. All the world knows that upon the existence of these qualities not only general prosperity but morality itself depends. No doubt the good pastor thinks that he is honoring God by such views of providence and Divine sovereignty. On the

contrary, they dishonor God and would prove a ruinous fatalism among men.

The Massachusetts report contains the following marine item:

The exhibit of marine business by the domestic and other State companies is less favorable, while, in that branch, the companies of foreign countries have been singularly fortunate, if their statements of their American business are true. These latter companies, as their statements show, wrote \$78,128,774 more marine insurance in 1886 than in 1885, received \$1,633,533 in premiums on that business, and suffered losses of only \$661,312 as against \$1,073,684 in 1885. Our two domestic mutual marine companies wrote \$3,564,684 more insurance in 1886 than in the previous year. Their income was \$386,569, their cash premiums \$353,504, and their losses \$345,653, as against \$322,999 in 1885. Their surplus is \$986,071, a loss of \$93,914.

The new Kansas Insurance Commissioner is Daniel Webster Wilder, or Web Wilder, as he is better known in "Bleeding Kansas." The writer remembers him as the editor of the old Ft. Scott daily *Monitor*, when "Gov." Crawford was its publisher and proprietor. Mr. Wilder is an able and scholarly "newspaper man" and has held several important State and other offices.

Efforts are being made by New York parties to get policyholders of the Charter Oak Life to unite and secure a general and immediate settlement of the affairs of the company, without the needless expense and tedious delay of a protracted receivership. Geo. S. Studwell of New York has the matter in charge as attorney for the policyholders. Well, it's six to one and half a dozen to the other. The lawyers might as well have the plunder as the receivers; the policyholders have merely a spectator's interest in the fight anyway. The great and fatal error in the life of the fugitive President, Bartholomew, was in not securing an appointment as receiver of the company. It would have been money in his pocket; and the poor old defaulter and orphan-robber might still sit in his favorite pew on Sunday, respected, honored, solvent.

J. H. C. Whiting of Philadelphia, sends us the verdict of the coroner's jury in the Temple theatre fire case. They found that the fire was caused by the incandescent

light circuit. Experiments proved that incandescent lamps will set fire to inflammable substances when the heat in them is confined and allowed to accumulate; that the breaking of a lamp will set fire to inflammable gases; that the wearing away of insulation on twisted flexible leaders will cause fire unless safety plugs are used; that unsoldered loose joints may cause fire, etc., etc.

Following is a list of the losses incurred at the recent big fire in Dunedin, N. Z. Some of the companies had reinsured to some extent:

Glasgow and London, £1,000; City of London, £3,750; Equitable of Paris, £500; Fire Insurance Association, £1,500; Government of Amsterdam, £250; National (Home office), £500; Patria Belgier, £750; á Sur Belgier, £750; Lloyds, £9,000; the Royal, £2,000; Northern, £1,000; New Zealand, £2,000; Equitable of New Zealand, £1,250; London and County, £250; National of New Zealand, £1,750; South British of New Zealand, £3,000; Phoenix, £2,500; London and Lancashire, £5,000; Liverpool, London and Globe, £500; Sun, £200; United of Sydney, £700; Union of New Zealand, £1,500; Victoria of Melbourne, £2,000. Total, £47,950.

#### Fifteen Per Cent. Commission Circular.

The Western Union of Chicago has issued a circular to local agents on the subject of commissions. Fifteen per cent. of the premium is declared to be the highest rate of commission that can be justified before the public, or that the business will sustain. All the increase in expenses within the past twenty years, of which there is so much complaint, is shown to be in commissions and taxes. Any practicable effort by underwriters to reduce premium rates by reducing expenses must therefore be in the line of commissions, if at all. A further advance in the rate of commissions would be unfair to the public and damaging to the best interests of both companies and agents. Rates generally are now as high as can be borne, and it is a question whether in many cases the rates, which experience justifies, do not augment the loss ratio by reducing the lines carried or diminishing the number of better risks. The interests of insured and insurer, and agents, in low premium rates undoubtedly run parallel in

some localities or as to many risks. The companies and the public may reasonably ask for a low rate of commission, and a concession accordingly by the agents would be just and wise. The agent has an additional inducement in the knowledge that a moderate and uniform commission lessens competition by reducing the number of agents.

The circular referred to closes as follows:

The companies and managers whose names are attached hereunto, have reached the unanimous conclusion that they should not be parties to enlarging the cost of business at the expense of the public; nor can they, in justice to the principle involved, or their own interests, consent to remain in agencies where a higher rate of commission than fifteen per cent. is paid for business. While claiming the right to name the conditions on which we will be associated in the same agency with other companies, we frankly concede to our agents the equal right to decide freely for themselves, whether they will consent to represent us on the terms named. Our position is taken in no dictatorial or coercive spirit, and we ask that your action in the premises shall be the result of your deliberate and intelligent judgment and choice.

All the members of the Western Union, some sixty-three, representing Eastern, Western and foreign companies, have signed this circular. It is proposed to give efficacy to the views of the signers on and after May 1st. Following is the agreement accompanying the circular, which agents are requested to sign:

I accept the conclusions maintained in the accompanying paper with respect to a uniform rate of commission, and therefore, hereby give my assurance that after the first day of May, 1887, I will not represent any company, either directly or indirectly, that pays me a higher rate of compensation, in any form, on any class of business, than fifteen per cent. of the net premiums of said company at my agency, and will not conduct business in any agency or office where any company paying more than fifteen per cent. commission is represented. In giving this assurance, I understand that it does not require me to relinquish the agency of any company I now represent that heretofore may have paid me a higher rate of compensation than 15 per cent., provided the business of such company in my agency, from and after May 1, 1887, is conducted strictly on a 15 per cent. basis. I also understand that it would be a violation of my honor as a gentleman to receive, directly or indirectly, from any company now or hereafter to be represented by me, in the form of commission or other compensation — whether of office rent,

clerk hire, brokerage, solicitors' fees or valuable gifts from any such company, or from any of its representatives, whether in their personal or representative capacities, which, in the aggregate, shall exceed fifteen per cent. commission as above specified, so long as I represent any of the companies named in the accompanying paper; reserving the right to revoke this understanding by giving thirty days' notice, in writing, to each company represented by me.

Manager Geo. D. Dornin has forwarded this circular and agreement to all his agents in the territory under the jurisdiction of the Western Union, and thus far he has received favorable replies and signatures from nearly all. Only one agent has refused to sign the agreement. As stated elsewhere, the Pacific Insurance Union has taken the subject under advisement. There is a growing necessity for some definite action looking to the adoption of the 15 per cent. limit on this Coast.

### Loss of the Steamer Mexico.

The collier steamer *Mexico*, plying between San Francisco and Seattle, ran upon rocks in British Columbia waters at 12.45 A. M. of April 1st, and sank. The underwriters have dispatched men to investigate, and if the divers report favorably, an effort will be made to raise the sunken vessel. The insurance on her is \$150,000, of which \$67,500 was placed in the East and London, and the remaining \$82,500 in San Francisco, in the following companies:

California .....	\$10,000
Union, N. Z. ....	7,500
Union, S. F. ....	7,500
Sun, S. F. ....	5,000
Magdeburg-General. ....	5,000
New Zealand. ....	2,500
Commercial, S. F. ....	5,000
Merchants, Baltimore. ....	2,500
Franco-Hungarian. ....	5,000
Boston Marine Underwriters. ....	15,000
Canton. ....	7,500
Firemans Fund. ....	7,500
Transatlantic Marine. ....	2,500
Total in San Francisco. ....	\$82,500
Total East and London. ....	\$67,500
Grand total. ....	\$150,000

There were five special agents in the Richmond hotel in Buffalo at the recent fire, and all suffered injuries. They were in Buffalo for the purpose of adjusting losses.

# FIRES.

The fires for the first quarter of 1886 and 1887 on this Coast, as reported to the COAST REVIEW, were as follows:

	1887.	1886.
January.....	\$112,809	\$106,924
February.....	62,765	94,497
March.....	162,960	122,611
Total, 1st quarter.....	\$338,534	\$324,032

## California.

March 7, Mariposa, hotel: Fire Association, Phila.....	\$1 000
February 9, Los Angeles, "printery": Oakland Home.....	\$150
Commercial.....	612
February —, Merced, frame dwelling: Commercial.....	\$527
March 6, Plymouth, saloon and dwelling: London & Lancashire.....	\$700
National, N. Y.....	939
March 8, Sacramento, flour mill: Home & Phoenix.....	\$182
March 13, Cherokee, hotel and contents: Springfield.....	\$1,200
Fire Ins. Ass'n, London.....	1,650
March 18, Stockton, dwelling: Ins. Co. of N. A.....	\$400
March 14, Stockton, dwelling: State Investment.....	\$625
March 21, Stockton, saloon: Ins. Co. of N. A.....	\$148
March 22, Eureka, furniture and dwelling: Union, N. Z.....	\$1,050
March 8, Santa Rosa, dwelling: London & Lancashire.....	\$424
March 9, Mayfield, frame dwelling: Home & Phoenix.....	\$2,200
March —, Sacramento, brick store building: Liverpool & London & Globe.....	\$500
March 12, Oroville, frame barn: Home & Phoenix.....	\$932
March 19, Tehama county, barn: London, Northern & Queen.....	\$120
March 28, East Oakland, dwelling: Guardian.....	\$1,950
March 17, Oakland, household furniture: New Zealand.....	\$279
March 23, near Forest City, frame building: Phoenix, London.....	\$1,475
Western, Toronto.....	1,475
March 10, San Bernardino, barn: North British & Mercantile.....	\$300
March 15, Sacramento, barn: Oakland Home.....	\$100
March 4, Selma, furniture in depot: Washington.....	\$265

March 19, Rocklyn, general fire:

Fire Ins. Ass'n, London.....	\$1,500
Union, S. F.....	500
American, Phila.....	500
Phoenix, Brooklyn.....	500
Pennsylvania, Phila.....	500
Lion.....	500
Commercial Union.....	500
State Investment.....	1,273
Total.....	\$5,773

March 22, Weaverville, brick lodge building and regalia:

Liverpool & London & Globe.....	\$150
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March 23, Williams, livery stable:

Firemans Fund.....	\$1,725
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March 18, San Luis Obispo, hotel:

Sun, S. F.....	\$1,300
Boston Underwrite's.....	1,000
Williamsburg City.....	1,000
Home & Phoenix.....	1,000

March —, San Jose, dwelling and barn:

Oakland Home.....	\$250
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March 23, Tulare county, harvesters and grain:

London & Lancashire.....	\$975
American, Newark.....	975

March 28, East Oakland, frame dwelling:

London & Lancashire.....	\$1,950
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March 20, Tehama county, frame buildings:

Liverpool & London & Globe.....	\$1,100
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March 17, near Oroville, barn:

American Central.....	\$336
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February 15, Howland Flats, dwelling:

Pacific.....	\$1,000
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March 7, Livermore, dwelling:

Home Mutual.....	\$250
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March 9, Santa Rosa, dwelling:

State Investment.....	\$282
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March 29, Wheatland, frame store and merchandise:

Home & Phoenix.....	\$1,500
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March 3, Humboldt county, dwelling:

Phoenix, Brooklyn.....	\$235
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March 21, Rio Vista, frame dwelling and hotel:

Home & Phoenix.....	\$800
Commercial Union.....	500

March 7, Tulare county, barn and contents:

National, Ireland.....	\$1,000
Atlas.....	1,000

March 5, Tulare county, dwelling and contents:

Hartford.....	\$484
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March 28, Grass Valley, barn:

Royal, Norwich Union & Lancashire.....	\$864
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March 28, San Jose, dwelling:

American Central.....	\$200
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March 31, San Jose, dwelling:

Hartford.....	\$150
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March 22, Los Angeles, stable:

Prussian National.....	\$350
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**California.**

March 28, Red Bluff, dwelling:	
Commercial Union.....	\$1,400
March 18, Oakland, stable:	
Commercial Union.....	\$180
March 20, Napa, tannery:	
Fire Ins. Ass'n, London.....	\$1,350
Connecticut.....	750
Commercial Union.....	800
Boylston.....	1,500
Atlas.....	1,500
National, Ireland.....	1,500
American, Phila.....	500
Springfield.....	1,250
Clinton.....	450
Fire Association, Phila.....	800
Total.....	\$10,400
March 26, San Jose, dwelling:	
Etna.....	\$400
March 14, Alameda, building and contents:	
State Investment.....	\$335
March 25, Redding, lumber:	
Etna.....	\$152
Oakland Home.....	150
Home Mutual.....	91
Southern California.....	213
American Central.....	122
London & Lancashire.....	182
Hartford.....	152
Caledonian.....	182
Amazon.....	122
Anglo-Nevada.....	250
Manchester.....	152
London, Northern & Queen.....	152
American, N. J.....	121
March 17, near San Francisco, stock, fixtures, etc.:	
New York Underwriters' Agency.....	\$925
Total California, San Francisco excepted..	\$61,173
March 17, San Francisco, dwelling:	
Transatlantic.....	\$240
March 21, San Francisco, general merchandise:	
Commercial Union.....	\$135
March 16, San Francisco, dwelling:	
State Investment.....	\$375
March 17, San Francisco, household furniture:	
North German.....	\$836
March 17, San Francisco, dwelling:	
Guardian.....	\$100
March 5, San Francisco, club-room furniture:	
Niagara.....	\$325
March 3, San Francisco, groceries:	
Niagara.....	\$357
March 1, San Francisco, saloon:	
South British.....	\$1,000
March 11, San Francisco, dwelling:	
London, Northern & Queen.....	\$450
March 3, San Francisco, contents of frame building:	
Continental.....	\$337

## March 9, San Francisco, oil warehouse:

Commercial Union.....	\$2,500
Fire Ins. Ass'n, London.....	1,000
Svea.....	1,000
Niagara.....	1,000
London, Northern & Queen.....	2,000
Hamburg-Bremen.....	1,000
Total.....	\$8,500
March 19, San Francisco, dry goods:	
North British & Mercantile.....	\$112
February 15, San Francisco, household furniture:	
Commercial.....	\$100
March 6, San Francisco, frame dwelling:	
St. Paul.....	\$300
March 16, San Francisco, frame building:	
Firemens, Newark.....	\$906
St. Paul.....	606
March 1, San Francisco, saloon:	
South British.....	\$611
March 16, San Francisco, tea and coffee store:	
Manchester.....	\$180
March 4, San Francisco, dwelling contents:	
Liverpool & London & Globe.....	\$130
March 30, San Francisco, brick building:	
Firemans Fund.....	\$150
March 29, San Francisco, frame buildings:	
London, Northern & Queen.....	\$550
Imperial.....	75
March 17, San Francisco, dwellings and stores:	
Hamburg-Bremen.....	\$3,600
March 29, San Francisco, bakery:	
Prussian National.....	\$800
Total San Francisco.....	\$20,775
Total California.....	\$81,948

**Nevada.**

March 3, Winnemucca, frame flour mill:	
Liverpool & London & Globe.....	\$2,500

**Oregon.**

March —, Douglas county, dwelling:	
South British.....	\$1,000
March 1, Portland, dwelling:	
North British & Mercantile.....	\$500
March 28, Portland, general merchandise:	
Lion.....	\$250
March 13, Portland, frame dwelling:	
Liverpool & London & Globe.....	\$176
March 26, Portland, groceries:	
London, Northern & Queen.....	\$125
March 5, La Grande, frame dwelling and barn:	
Home & Phoenix.....	\$1,070
March 23, Portland:	
Sun, San Francisco.....	\$250
March 13, Portland, furniture and wearing apparel:	
Hamburg-Bremen.....	\$612
March 7, Independence, dwelling:	
Home Mutual.....	\$700
Total Oregon.....	\$4,683

**Washington.**

March 8, Walla Walla, general fire:

Sun Fire Office.....	\$625
Girard.....	625
Continental.....	931
Firemens, Newark.....	837
Phoenix, London.....	3,794
Western, Toronto.....	1,191
Commercial Union.....	2,500
Etna.....	2,384
Hartford.....	1,625
Hamburg-Magdeburg.....	421
State Investment.....	650
Home Mutual.....	1,800
Springfield.....	800
Howard.....	450
German, Freeport.....	900
Phenix, Brooklyn.....	1,138
Pennsylvania, Phila.....	500
American, Phila.....	166
Union, S. F.....	475
Royal, Norwich Union & Lancashire.....	600
Connecticut.....	675
City of London.....	600
Sun, S. F.....	250
Firemans Fund.....	1,374
National, N. Y.....	500
London & Lancashire.....	1,500
Manchester.....	1,500
Home & Phoenix.....	500
Orient.....	2,880
North British & Mercantile.....	2,750
German American.....	3,055
Lion.....	1,516
Washington.....	300
Scottish Union & National.....	3,330
Svea.....	400
National Hartford.....	140
Fire Ins. Ass'n, London.....	2,950
Ins. Co. of N. A.....	2,379
South British.....	1,950
Total.....	\$50 961

March 5, Spokane Falls, livery stable:

Lion.....	\$50 0
Home & Phoenix.....	2,100

March —, Pierce county, slaughter house:

American.....	\$600
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Total Washington..... \$54,161

**Montana.**

March 9, Butte City, furniture and dwelling:

Washington.....	\$500
Home & Phoenix.....	659

March 19, Butte City, general merchandise:

Washington.....	\$163
Home & Phoenix.....	163

March 12, Miles City, warehouse:

Washington.....	\$ 00
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March 24, Butte City, frame dwelling:

Home & Phoenix.....	\$425
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March 23, Glendive, frame dwellings:

Home & Phoenix.....	\$675
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March 11, Wicks, dwelling and furniture:

Home Mutual.....	\$680
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March 23, ———, barn:

Home Mutual.....	\$350
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March 12, Dillon, barn:

Firemans Fund.....	\$1,000
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March 15, Great Falls, dwelling and furniture:

Hartford.....	\$1,085
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Total Montana.....\$6,550

**Utah.**

March —, Promontory, dwelling,

National, Ireland.....	\$4,500
Atlas.....	4,500
Boylston.....	1,000
Union, S. F.....	1,000
Phoenix, London.....	1,500

Total.....\$12,500

**Arizona.**

February 15, Phoenix, furniture in dwelling:

Lion.....	\$118
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March 1, Stanton, adobe building:

Royal, Norwich Union & Lancashire.....	\$500
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Grand Total.....\$162,960

**SIFTINGS.**

Denver is to have a new water reservoir, covering fifty-three acres.

Last year 140 banks failed in the United States, but not a single life company.

Boston's fire premium income last year was \$2,211,805, which was a slight gain.

The New York Life Insurance Company will erect handsome office buildings in Kansas City, St. Paul and Omaha.

The Monarch, an Iowa wildcat, recently lost its ninth life.

The Mutual Life Insurance Company has paid the "Widow" Wackerle claim, there being no ground for appeal.

The Mutual Life of New York has entered England without ostentation, with headquarters in London.

The Equitable Life has retired the titled chairman of its London branch. He was more ornamental than useful.

The New York city business last year yielded \$6,146,141, a gain of some \$320,000. The Liverpool & London & Globe led, receiving \$354,624.

In Ohio the fire premiums and losses for 1886 were \$4,845,575 and \$3,021,266 respectively. The loss ratio was 62.4 per cent. The Royal ranked first in premiums.

Insurance Commissioner Shandrew of Minnesota says there are eighteen assessment life insurance companies at Minneapolis, and seventeen of these are rotten.

The Texas fire figures for 1886 are: Premiums, \$2,137,797; losses, \$1,156,180; loss ratio, 54.2 per cent. In 1885 the loss ratio was 109.9 per cent. In Texas business, the Liverpool & London & Globe ranks first, and the Hartford Fire second. How was the cotton crop?

Missouri has fifteen mutual and three stock fire companies. The most of the State business is in the hands of the other-State companies. The foreign offices do only about 22 per cent. of the whole, a proportion less than that of most States. The total fire premiums last year were \$4,084,533, and the losses \$2,209,245, or 56.6 per cent.

### LOCAL MISCELLANY.

#### Acknowledgments.

*Modern Light and Heat*, a new Boston gas and electricity journal; New York Fire and Marine Report; *Standard and World* charts; "Medical Examiner in Life Insurance—Some Legal Questions," a paper by Jno. M. Taylor, Vice-President of the Connecticut Mutual Life Ins. Co.; Codification of Massachusetts Life Insurance Laws.

#### A Touching Incident.

That electric-light wires are dangerous, even in the day-time, was proved in this city not long ago. A line-man, while perched high on a pole, making some repairs, incautiously touched an exposed part of the electric-light wire, and received a violent shock. His clothing caught on a hook and prevented a fatal fall.

#### Hamburg-Bremen Ins. Co.

The general result of the business of the Hamburg Bremen in 1886 has been exceptionally favorable, and presents, besides increasing the reserve, the payment of a dividend of sixty-three marks per share, equal to 21 per cent. on the paid-up capital. The gross premium income was 4,708,099 marks, or 196,484 marks more than in the preceding year. The insurance premium absorbed 2,555,507 marks, or 54 per cent.,

the same ratio as in 1885. The net losses amounted to 1,029,584 marks, being at the rate of 51 per cent.; and the management expenses to 728,991 marks, *i. e.* 33 per cent., or an increase of more than one per cent. against the year before. The surplus of the year is 526,689 marks, or 320,019 marks more than at the end of 1885.—*London Review.*

#### "I Am Something of a Liar Myself."

The State Ins. Co. of Salem, Oregon, advertises that it has "no losses due and unpaid." That is a larger falsehood than the claim of \$226,747.91 assets.

#### City v. Insurance Companies.

Attorney McGraw has filed his brief for the insurance companies in the Firemen's Relief Fund case, now before the Supreme Court. The unconstitutionality of the act is set forth very clearly. Art. VI, Sec. 32, of the Constitution, prohibits the Legislature from authorizing counties or municipalities to grant pensions to employees. Sec. 31 of Art. IV declares that the Legislature has no power to make any gift or to authorize the making of any gift of public money to any individual or corporation. The Act is in conflict with other sections of the Constitution.

#### Mutual Benefit Life Ins. Co.

The "old reliable" Mutual Benefit Life of Newark added a million dollars to its assets last year, and increased its surplus, premiums, policies and insurance in force. The assets (market value) on the 1st of January were \$40,826,264, and the surplus, by the New York standard, was \$5,512,129. The premiums for 1886 aggregated \$4,630,663, while the payments to policyholders were \$4,688,849, or more than the receipts therefrom. The policies in force January 1st were 53,633, insuring \$143,186,656. The Mutual Benefit Life now issues a convertible policy, including all the liberal features of the regular policy, with the addition of a guaranteed cash surrender value, which will be paid on demand after two years' premiums have been paid. Every policy has endorsed on it the cash surrender value, amount that may be borrowed

70<sup>th</sup> Annual Statement

OF THE

# Fire Association

*Of Philadelphia, Penn., December 31st, 1886.*

Amount of Capital Stock paid up in Cash, - \$500,000 00

## ASSETS.

Real Estate owned by Association	\$ 58,650
Loans on Bond and Mortgage	2,208,937
Cash Market Value of all Stocks and Bonds owned by Company	2,762,018
Amount of Loans secured by pledge of Bonds, Stocks, and other marketable securities as collateral	96,800
Cash in Company's Office	5,653
Cash in Banks	147,096
Interest due and accrued on all Stocks and Loans	9,116
Interest due and accrued on Bonds and Mortgages	21,943
Premiums in due Course of Collection	134,515
Rents Due and Accrued	850

<b>TOTAL ASSETS</b> .....	<b>\$4,415,575.79</b>
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## LIABILITIES

Losses Adjusted and unpaid.....	\$ 59,313	45
Losses in process of Adjustment or in suspense.....	49,088	65
Losses accrued, including expenses.....	23,205	24
Gross premiums on fire risks running 1 year or less, \$1,206,133 99; re-insurance 50% more than 1 year, \$854,576 60; .....	603,091	99
..... pro rata	458,332	92
Amount reclaimable by the Insured on perpetual Fire Insurance Policies.....	1,812,980	32

<b>TOTAL LIABILITIES.....</b>	<b>\$3,006,012 61</b>
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## INCOME.

Net Cash actually Received for Fire Premiums.....	\$1,568,596	26
Received for Interest on Bonds and Mortgages.....	71,353	31
Received for Interest and dividends on Bonds, Stocks, Loans, and from all other sources.....	131,195	00
Received for Rents.....	4,448	04
Received for Policy fees, &c.....	4,473	61

TOTAL INCOME.....	\$1,780,066 22
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## EXPENDITURES.

Net amount paid for Fire losses, including \$143,227 02, losses of previous years..\$	956,886	56
Dividends to Stockholders .....	20,040	00
Paid for allowed for Commission or Broker .....	326,058	09
Paid for Salaries, Fees and other charges, for officers, clerks, etc.	110,705	83
Paid for State, National and Local Taxes.....	53,650	50
All other Payments and Expenditures.....	21,432	01

TOTAL EXPENDITURES.....	\$1,668,737 99
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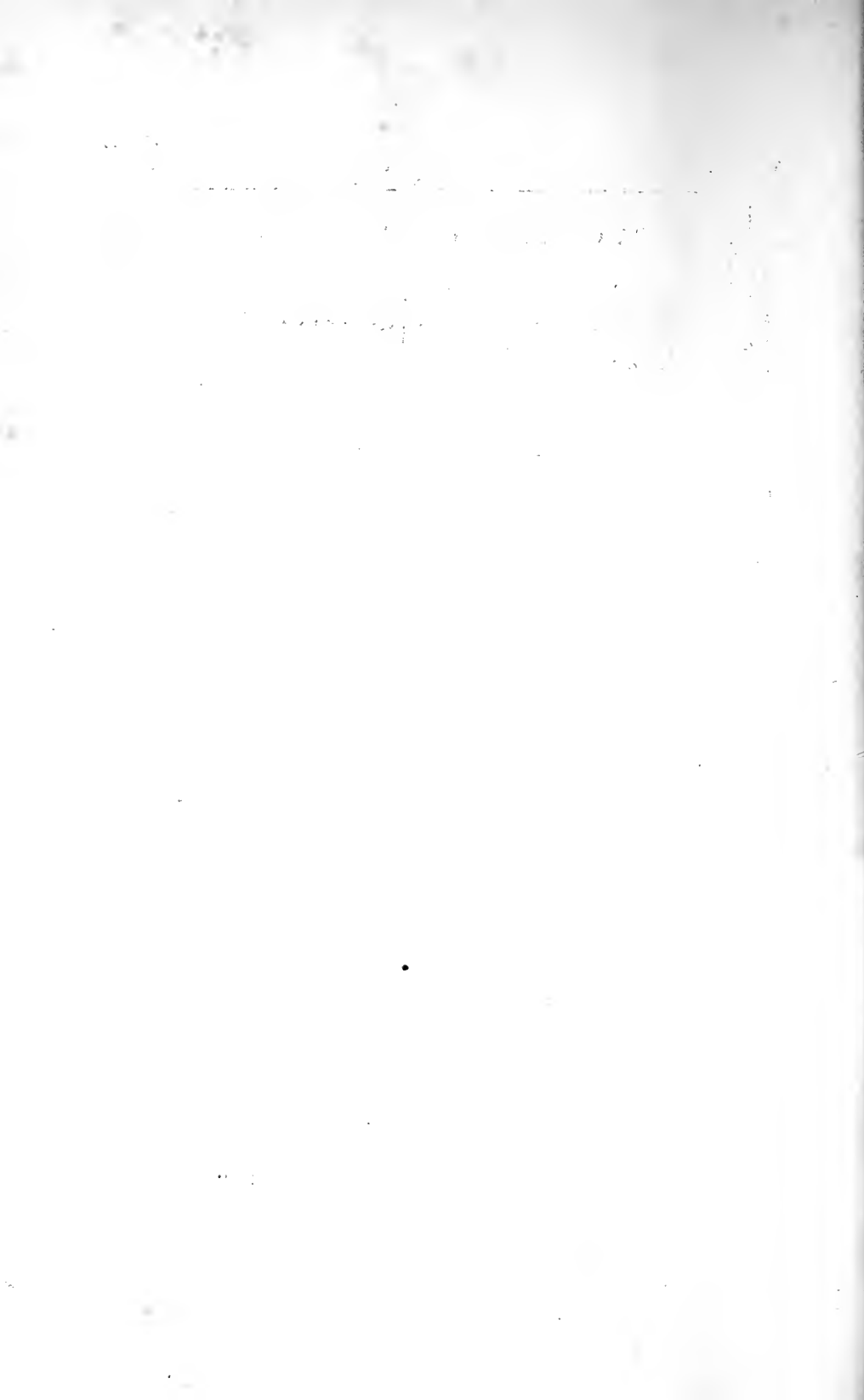
J. LIGHTFOOT, *President*.

W. S. WINSHIP, *Secretary.*

CHARLES A. LATON, General Agent.

No. 439 California Street.

San Francisco, Cal.



thereon, extended insurance, and paid-up-policy value. Jas. Mun-sell, Jr., is the Pacific Coast representative of this popular company.

#### The Ætna Ins. Co.

The Ætna of Hartford leads all the American fire companies in assets and surplus to policyholders, and losses paid since organization. The statement of January 1st shows \$9,568,839 assets, \$3,453,221 net surplus, \$2,642,750 premiums, a loss ratio of 54.45 per cent., and dividends 18 per cent. Gains were made all around. Manager Boardman did a largely increased business for the Ætna on this Coast.

#### New Arizona License Law.

A new license law has been passed by the Arizona legislature, exempting all branches of merchandising, but imposing the payment of a license on nuisances, special evils, luxuries, etc. Saloon-keepers, peddlers, drummers, concerts, circuses, pawnbrokers, and *insurance agents* are licensed in various sums from \$125 to \$5 per quarter. The penalty is \$300 fine, or three months in jail, for every violation of the law. It is evident that the local agents of Arizona are not regarded as public benefactors, and we should imagine that the Territorial legislature did not entertain any robust feeling of respect for them personally. There is consolation, however, in the fact that the license fee (\$5 per quarter) is the lowest required of any class. The legislature thereby admits that the local insurance agent, although a nuisance, is the least nuisance of any of the nuisances. He is not so bad as the rum-seller, nor the negro minstrel, nor the tight-rope walker, nor the street hawker. In the printed list the insurance agent stands last—next to the pawnbroker! The new law went into effect on April 1.

#### \$30,000 Assets.

The State Insurance Co., of Salem, Or., claims over \$226,000 assets, but when the assessor took the managers at their word, they begged the board of equalization to reduce their assessment. We suppose the board were satisfied that the claim of \$226,000 assets was merely buncombe, for they

reduced the assessment to \$40,000. Still the State gang were dissatisfied, and the assessment was again reduced—this time to \$30,000. The taxes on this small sum, representing the assets of the company, are still unpaid. The managers hope to secure a still further reduction of their assessment, and they will doubtless get such a reduction if they will disclose the real facts as to their alleged assets. But what a fall was there, my countrymen—from \$226,000 to \$30,000!

#### The Sun Mutual of New Orleans.

The Sun Mutual Ins. Co. having entered New York, its annual figures now appear in all the charts. This company was organized "befo' the wah," in 1856, and is a favorite Southern institution. Its cash capital is half a million, it pays 10 percent. dividends to its stockholders, has a net surplus of \$252,907, assets close to a million (\$943,347), and "took over the counter" \$274,407 net premiums last year. Its gross premium income was nearly half a million. Jos. C. Jennings & Co. represent the Sun Mutual in California.

#### The Southern of New Orleans.

The Southern Ins. Co. has a cash capital of \$300,000, and total assets of \$429,600, among which is the item of \$100,000 in U. S. bonds. Its net surplus is \$21,714, making the surplus to policyholders \$321,714. Its premium income last year was \$355,451, and the loss ratio (35) was exceptionally low. The Southern is making a specially good record for so young a company, it having been organized less than five years ago. It has been successful, is prosperous and growing. Recently it was admitted to California, where it is represented by Jos. C. Jennings & Co.

#### A New San Francisco Company.

A new company is in course of organization in this city, to be styled the Pacific Insurance Association. The new company is to have a capital stock paid up of \$300,000, most of which, we understand, has been subscribed. The principal projectors are Julius Jacobs, Geo. Easton and ex-Gov. Geo. C. Perkins. It is understood that the principal office will be in the present office

of Jacobs & Easton. Geo. Easton will probably be Secretary and Manager, and either Mr. Jacobs or Gov. Perkins will doubtless be the President of the company. Mr. Easton is now East on business connected with his agency companies. It is rumored that he will also look after the interests of the new company in the way of reinsurance contracts, as it is the impression that heavy lines will be written and reinsured. The company will begin business about June 1.

#### Mutual Life Figures.

Here is the record of the Mutual Life Ins. Co. for the past ten years. It is representative of genuine life insurance, which returns to policyholders more than it receives from them:

	Amount received from Policyholders	Paid to Policyholders.
1877.....	\$14,030,153 41	\$13,949,100 48
1878.....	13,092,719 83	14,400,032 13
1879.....	12,687,881 72	14,015,555 48
1880.....	12,275,589 16	13,160,694 46
1881.....	12,196,624 62	12,640,112 12
1882.....	12,845,592 86	12,848,835 24
1883.....	13,457,928 44	13,959,360 51
1884.....	13,850,258 43	13,923,062 19
1885.....	14,768,901 93	14,402,049 90
1886.....	15,634,720 66	13,129,103 74
	\$134,840,371 06	\$136,427,906 25

#### Standard Marine Ins. Co.

The Standard Marine Ins. Co. of Liverpool, England, presents the following figures in its annual report, of December 31, 1886: Assets, \$1,213,888; net surplus, \$390,631; cash capital, \$500,000; surplus to policyholders, \$890,631; guaranteed capital, \$2,500,000; premiums, \$417,811. The general agents for the Standard Marine on this Coast are J. D. Spreckels & Bros., with J. B. F. Davis & Son as managers, at 429 California street.

#### The Home of New York.

The Home Ins. Co. added some \$200,000 to its assets, and a corresponding sum to its net surplus last year. Assets to the amount of \$7,802,711, a premium income of \$3,541,608, 10 per cent. dividends on \$3,000,000 capital, and a net surplus of \$6,413,795, are "fay and figgers" which may well prompt the managers and stock-

holders to sing uproariously that good old song, "Home, sweet Home."

#### Phoenix of Hartford.

The rising Phoenix reports gains in every department but the loss department last year. The net surplus advanced a hundred thousand, the assets went twenty-one thousand better, and the premiums did nearly as well. But here are the figures, if you want to see for yourself: Assets, \$4,709,929; premiums, \$2,130,078; loss ratio, 57.8, a decrease; net surplus, \$1,022,346; dividends, 14 per cent. of its \$2,000,000 capital.

#### "America."

##### EDITOR COAST REVIEW:

When you say "American figures," or "American branches," or the "American business," am I to understand that you refer to the States only? Isn't Canada in America? FOREIGNER.

No; Canada is in North America, not in America. The United States is America, and the people and institutions and products of the United States are American. This country is the "United States of America," as you will find by reading the preamble to the *American Constitution*.

#### Admission of the Straits Fire Ins. Co.

The Straits Fire Ins. Co., recently organized in Singapore, has been admitted to California, and has appointed Geo. Marcus & Co. general agents. The Straits Fire has a capital of \$2,000,000, of which \$400,000 is paid up. This capital is independent of the Straits (Marine) Ins. Co. Messrs. George Marcus & Co. now represent the Transatlantic, the Straits Fire, the Straits Marine, and the Mannheim—four excellent companies.

#### The Lion Fire Ins. Co.

The directors' report, as printed in English exchanges, gives the following information relative to the Lion Fire of London: Net premium income, \$897,045, losses, 61.1 per cent.; management expenses, 32.3 per cent. The premium income gained somewhat, and the loss ratio was reduced 8 per cent. The management expenses were also reduced. The revenue account shows a credit balance of \$88,100, out of which a dividend of 5 per cent. was paid. The affairs

of the company exhibit a healthy appearance, and the outlook for the near future is promising. An increased business was done in this field under the direction of Manager Dornin.

#### Imperial Fire Insurance Company.

The Imperial is the first of the foreign companies to file its head office statement with the Insurance Commissioner. As usual, it presents a grand array of figures, as becomes a company whose date of organization is within three years of the birth of the nineteenth century, and whose underwriting services are marked by over fifty millions of dollars of "losses paid." The Pacific Coast management, and their agents and patrons, are to be congratulated on having behind them this veteran company, with its great resources. The Imperial statement for the opening of the year 1887 shows the following leading figures:

Capital stock, paid up.....	\$3,500,000
Assets.....	9,658,479
Unearned premium reserve.....	1,226,180
Reserve for all other liabilities.....	1,083,090
Surplus over unearned premiums, and other liabilities.....	4,583,090
Surplus over capital stock, and all liabilities.....	3,849,209
Income for 1886 (fire premiums).....	3,678,544
Income from interest, rents, etc.....	325,809
Expenditures—losses paid.....	2,266,134
Expenditures—dividends.....	480,000
All other expenditures.....	1,177,292
Losses paid since organization.....	51,121,974

#### Answered.

An anonymous complainant sends us a copy of the "ad" of the Great Western Accident Association in a Sacramento paper, and "wants to know, you know," if the statements of the *COAST REVIEW* "are true, why do you (we) not publish the same in the *Record* and *Bee*?" For the very simple, excellent and sufficient reason that that is not our business. Companies and agents may rely upon the statements of the *COAST REVIEW*, and safely publish extracts therefrom in the daily and weekly press. The facts and arguments printed in this journal relative to any or all the hat-passers are useful just in proportion as the workers employ them and the authority and responsibility back of the articles;

but they would be more useful, of course, reprinted in local papers, or otherwise widely circulated. The cost would be small, and the benefits considerable; but somehow, for lack of united action, probably, the general press is not employed in fighting hat-passing swindles, "the more 's the pity." Print the extracts in the Sacramento papers yourself, Mr. Anonymous; you may rely upon the truth of anything this journal may say.

#### Chips.

—We print eight extra pages this month.

—"A long-felt want" is about to be filled.

—Ed. E. Potter visited San Luis Obispo and Santa Barbara counties last month.

—Geo. C. Boardman returned a few days ago from a visit to southern California.

—Edward Brown, of Brown, Craig & Co., is on a flying trip to "the States."

—The cash in the United States treasury on February last was \$445,170,241. The assets of the American life companies on January 1st were \$600,488,411.

—The *Insurance Record* has introduced a new department, entitled "Parrot Cries." For example: "Next year we hope to do something in the way of advertising."

—A. S. Brownell, of the Home Benefit Association of New York, who organized the San Francisco branch of that "home" enterprise (the Home Benefit Association) is in the city. Is he after his royalty? Have the local managers failed to make a proper "divy" of the profits?

—Frank E. Hodgkin, for nine years the Oregon Assistant Secretary of State, has resigned that position to become a special agent for the London & Lancashire Fire Insurance Co. His territory will embrace Oregon, Washington and Idaho, with headquarters at Portland.

—Our "blue and gold" New York contemporary recommends its readers to buy hats where its editor got one—for nothing, probably. Although an insurance publication, this novel recommendation is not so much out of place as it seems. The "blue and gold" is an organ of the hat-passers.

—President of the Pacific Mutual Life Co. A. Moore is visiting the Eastern States.

—J. W. G. Cofran sailed on the 27th ult. for Honolulu, whither he goes to look after the interests of the Hartford.

—Brown & Janvier are making a success of the *Vindicator*, of New Orleans. They are cultivating the Southern field pretty thoroughly, and are harvesting a goodly crop of "ads."

—H. P. Sweet, for several years past employed in the insurance business in the West, has been engaged as special agent and adjuster for Messrs. Brown, Craig & Co.'s agency for Southern California, with headquarters at Los Angeles.

—Commissioner Wadsworth has very handsomely refitted the rooms of the Insurance Department. You will now recognize nothing but the Commissioner and Deputy Rohrer, so complete has been the renovation.

—F. A. Harnden, for several years with the Pacific Coast agency of the Connecticut Fire Insurance Company, has been appointed city agent for the Home Mutual Insurance Company. The city department of the company has been moved to the front of the office, and very neat quarters provided for Mr. Harnden.

—A correspondent inquires, "Is not the Home Benefit Association of San Francisco the company that repudiated a loss some time ago, telling a lawyer to sue if he wanted to, as the company had nothing to attach?" Yes; the Home Benefit has repudiated many claims; but the one you refer to is probably the Leebeck (Santa Clara) claim.

—What is the matter with the *Spectator*? In its issue of March 17, it gives, a month late, a table of the California fire business for 1886, with the following totals: Premiums, \$3,584,105; losses, \$1,769,032. The correct figures are: Premiums, \$5,185,772; losses, \$2,654,371. Our contemporary has overlooked the fact that thirty-seven foreign companies operate in California. You must read the COAST REVIEW if you want reliable Pacific Coast news.

—Ben. E. Ward of Los Angeles was in the city last week.

—John E. DeWitt, President of the Union Mutual Life Insurance Company, of Portland, Maine, visited this city last month.

—We hereby acknowledge our indebtedness to A. A. Andre and J. D. Kersey of Carson City, Nev., for courtesies extended to the COAST REVIEW.

—Geo. C. Pratt, general agent for the California Insurance Company, returned, with Mrs. Pratt, on the 25th of March. Shortly after sailing from China a heavy storm was encountered, and the return trip was therefore not so pleasant a one as the outward bound.

—Homer E. Osborne has been appointed general agent for the American Surety Company of New York *vice* Brown, Craig & Co., resigned. At present the office will remain where it has formerly been. Mr. Osborne has been for several years connected with the accident and fire business in this city.

—In our table of San Francisco agency business, printed last month, Jacobs & Easton should have been fourth in the list, with \$303,494 premiums, and \$242,911 losses, and nine companies; and Jacobs & Easton & Chalmers should have been credited with one company, with \$147,388 premiums and \$85,679 losses, a loss ratio of 58.2.

—The firm of Crater, Wilson & Co., general insurance agents at Denver, has dissolved. Geo. E. Crater continues to represent the Ætna, American of Newark, Continental, Commercial Union and German American. Ben H. Wilson & Brother will represent the Insurance Co. of North America, Firemans Fund, Pennsylvania of Philadelphia, and the Phoenix of London.

—The Pacific Mutual Life Ins. Co. has begun the issue of a monthly quarto, which succeeds the old quarterly. It is a move in the right direction, for such a publication, properly edited and widely distributed, is an invaluable aid to the company itself and to life insurance generally. The printers' names (Geo. Spaulding & Co.) deserve mention, for typographically the little sheet is a beauty.

—A. A. Andre, formerly of Eureka, Nev., later of Carson, is now a special agent and adjuster for the South British F. & M. Ins. Co.

—The firm of Hagan & Co., insurance brokers, has been changed to Hagan & Rothchild. F. H. Rothchild, for many years with the firm of Bachman Bros., becomes a partner with Mr. Hagan.

—The insurance firm of Bozarth & Johns of Astoria, Or., has been dissolved. Mr. B. continues to represent the companies, and Mr. J. will locate at Santa Rosa, where he will represent Brown, Craig & Co.'s agency.

—Huntington Bros. (Geo. and C. H.) have been appointed agents at Los Angeles for Brown, Craig & Co.'s agency. C. H. Huntington was formerly a field man for the Phenix Ins. Co. in Dakota; both the brothers have long been engaged in the insurance business in the East.

—The Commercial Ins. Co. of San Francisco has paid \$1,581,849.51 in losses since it was organized in 1872. The annual statement of the Commercial is handsomely printed elsewhere in this issue of the COAST REVIEW. The assets of the company are fast approaching the half million amount, and the business is steadily increasing. Gains were made in the several departments last year.

—Arthur E. Sloan, a Portland broker, recently got into a little financial difficulty, from which he extricated himself somewhat irregularly, and then without needless ceremony departed for San Francisco. Mr. Sloan was an occasional correspondent of the COAST REVIEW, but we discredit the intimation of the *Mercury* that "he pursued a systematic blackmailing scheme upon shaky underwriters." Certainly, nothing in his contributions to this journal ever had even the semblance of a blackmailing purpose. Mr. Sloan was formerly a resident of this city, where, we are informed, he was derelict in money matters. His offense in Portland (forgery) is the natural sequence of dissolute habits and previous embezzlements. His bad reputation was unknown to us. His letters to the COAST REVIEW were voluntary.

—Assistant Manager Sexton is looking after the business of his companies in Colorado and New Mexico.

—We have received a copy of Cooper's Expiration Register, pocket edition. Over 700 expirations may be kept, with monthly indexes.

—On account of the increasing business of the Pacific Mutual Life and Accident Insurance Company, another floor has been added to the office for the special accommodation of the accident department.

—W. F. Mason, Superintendent of Agencies of the Western Department of the Union Mutual Life Ins. Co., with headquarters at Denver, Colo., visited the Pacific Coast agencies last month.

—J. M. Thompson, special with Manager Bertheau of the New York Underwriters' Agency, is engaged in establishing local agencies throughout California, General Agent Stoddard having decided, while recently here, to do a general agency business in this State.

—H. E. Williams, Manager of the National F. & M. Ins. Co. of New Zealand, who has been looking after the company's interests in this city for several weeks, has completed his work and returned home. During his stay in San Francisco Mr. Williams made many warm friends, who will always hear of his health and prosperity with pleasure.

—A pious friend of the COAST REVIEW has written a little disquisition entitled "Simeon's Rules," the aim of which is to make of Simeon a truly good young man. It appears from the prologue that Simeon did not think it clever to sneer at every thing he could not do himself, nor to say "dirty things" about others because he could not imitate their success; so he framed five excellent rules, which when practiced by life solicitors and others will usher in the millennium. The Golden Rule covers the ground Simeon aims to cover, but we fear that anything the COAST REVIEW may print in favor of either would be seed sown on barren soil. Simeon's Rules have therefore been forwarded to the *Christian Weekly Well-doer* for publication.

—Claims against the Charter Oak Life Ins. Co. must be filed with the receivers on or before the 1st of July.

—The Bankers' Life Association of St. Paul, Minn. (represented in this city), paid out 53 per cent. of its income for expenses in 1886. Its per cent. of expenses to claims aid was 193.

—An Eastern daily recently referred to a regular insurance company as having proved the success of the assessment system. This specimen brick is suggestive of the gross ignorance of insurance matters of the average newspaper writer.

—Vice-President Taylor of the Connecticut Mutual Life Insurance Co. has written a valuable paper entitled "The Medical Examiner in Life Insurance," addressed to the medical examiners of the company. Many citations are given, defining the office of the examiner and his status as a witness.

—We receive the Australian Widows' Fund statements with yearly regularity, but for what reason we are thus favored we can only surmise. The company does no business in America, and, what is more important, it has no business relations with the publisher of the COAST REVIEW. We therefore nobly resist the temptation to note the very interesting figures of the Australian Widows.

—Life insurance is founded upon scientific principles. There is a reasonable expectation, founded upon long observation, that at any given age a man will live to a certain given age, and the length of life to be expected increases with one's age up to a certain point. One's expectation in early life is not so great as at mid-life, *i. e.*, nature says to a man who is healthy and sound at forty: You have obeyed the laws of health and morality for forty years, and your reasonable expectation of life is greatly extended. There is going on, unobserved by men, a penalty for violating the laws of health, by curtailing the prospect of long life; and on the other hand there is a remunerative laying up from year to year, for wise and virtuous living, in the extension of the probability of long life—*Henry Ward Beecher.*

—Fidelity and casualty companies are authorized to do business in Nevada on the payment of \$100 license.

—Major Frank Eno, for the past ten years the Pacific Coast attorney and representative of the Charter Oak Life Insurance Company, died at Riverside, Southern California, on the 8th of March. During the war he was Assistant Adjutant-General under Generals Schofield and Rosecrans.

—*The Insurance Age* says the California fire-loss ratio last year was 77 per cent., and that "no money could possibly have been made by the companies." The *Age* is a little off. The fire-loss ratio in this State last year was only 51.2 per cent., which left a liberal margin of profit. And 1886 was an unusually bad year for California, too.

—The *Insurance Sun* of London has a very ingenious cover-engraving, every variety of insurance (except hat passing) being appropriately illustrated, with a company's card attached. We suggest as a design for hat-passing or assessment insurance a crownless hat inside a large cipher, with the Mutual Reserve Fund's card attached. An empty hat and a cipher truly typify assessment life insurance.

—Where the charter of a benefit association provided that any member failing to pay his assessment within thirty days "from date of notice," should forfeit his membership, the Kentucky Court of Appeals held that when the notice was sent by mail the time within which the payment was to be made was not to be computed from the actual date of the notice, or from the day it was mailed the member, but from the time at which the notice would, in the regular course of the mail, be received. *National Mutual Benefit Association v. Miller*, decided January 27.

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### Taffy.

SEATTLE, W. T., March 15, 1887.

Enclosed please find N. P. Ex. money order for \$3 for COAST REVIEW. It is a bill that we pay with pleasure; "we get the value."

Yours truly, TAYLOR & BURNS.

NEW YORK, March 29, 1887.

We find the COAST REVIEW a most interesting

paper, and always look forward to receiving the same about the 20th of each month.

HENRY EVANS.

FREEPORT, ILL., March 30, 1887.

The COAST REVIEW is a welcome visitor to our office, and we look upon it as one of the best journals issued—in fact, have frequently made the remark that it was far superior to the majority of our Eastern publications.

F. GUND.

The COAST REVIEW, of San Francisco, for March, is a notable issue, because of its full report (with reckless regard to space) of the proceedings of that exceptionally live organization, the Fire Underwriters' Association of the Pacific. The COAST REVIEW prints the full proceedings of the Convention, giving the majority of the papers which were read. Most of these papers were practical and

permanently valuable. The irrepressible Bruce B. Lee contributed a lively disquisition on "Our Peninent Brother," which is just about as vivacious a document as anybody would care to read and carefully consider. The COAST REVIEW has seldom, if ever, printed a more readable number.—*N. Y. Daily Commercial Bulletin.*

## ACTIVE LOCAL AGENTS.

Wanted (throughout the Pacific Coast) to represent the Accident Department of the Pacific Surety Company of California.

Address WALLACE EVERSON,  
President.

328 Montgomery St., San Francisco.

# STANDARD

## Marine Insurance Company

(Limited) of Liverpool.

CAPITAL, - - - - - \$2,500,000

J. D. SPRECKELS & BROS., General Agents.

J. B. F. DAVIS & SON, Managers.

429 California Street,

San Francisco.

## GENERAL INSURANCE AGENCY.

# Jos. C. JENNINGS & Co.,

Southern Insurance Company, - - - New Orleans, La.  
Sun M. Insurance Company, . - - - New Orleans, La.

City Agency

London & Lancashire Fire Insurance Co., - - - Liverpool.  
Caledonian Insurance Company, - - - - - Edinburgh.

OFFICE, 317 CALIFORNIA STREET,  
SAN FRANCISCO.

THE 27th ANNUAL STATEMENT OF THE  
*Equitable Life Assurance Society*

OF THE UNITED STATES.

For the Year Ending December 31st, 1886.

AMOUNT OF LEDGER ASSETS, JANUARY 1ST, 1886.....\$62,087,513.85

*Income.*

Premiums.....	\$16,272,154.62	
Interests, Rents, etc.....	3,601,578.57	19,873,733.19
		\$81,961,247.04

*Disbursements.*

Claims by Death and Matured Endowments.....	\$5,121,473.91
Dividends, Surrender values and Annuities.....	3,017,113.28
Discounted Endowments.....	198,020.71

*Total Paid Policyholders* .....\$8,336,607.90

Dividend on Capital.....	7,000.00
Commissions, Advertising Postage and Exchange.....	1,916,046.69
General Expenses.....	1,305,931.98
State, County and City Taxes.....	169,400.17
	11,764,986.74

NET LEDGER ASSETS, December 31, 1886.....\$70,196,260.30

*Assets.*

Bonds and Mortgages.....	\$19,881,470.94
New York Real Estate, including the Equitable Building and purchases under foreclosure.....	10,406,394.10
United States Stocks, State Stocks City Stocks and other investments.....	26,568,537.31
Loans Secured by Bonds and Stocks (Market Value, \$1,876,937).....	1,392,006.00
Real Estate outside the State of New York, including purchases under foreclosure and Society's Buildings in other cities.....	6,021,831.22
Cash in Banks and Trust Companies, at interest; and in transit (since received).....	5,855,339.07
Due from Agents on Account of Premiums.....	70,030.66
	\$70,196,260.30
Market Value of Stocks and Bonds over book value.....	2,894,052.14
Interest and Rents due and accrued.....	640,387.32
Premiums due and in process of collection (less premiums paid in advance, \$51,446).....	334,135.00
Deferred Premiums.....	1,445,638.00

*Total Assets, December 31, 1886* .....\$75,510,472.76

I hereby certify, that after a personal examination of the securities and accounts described the foregoing statement, I find the same to be true and correct as stated.

JOHN A. McCALL, Jr., Comptroller.

TOTAL LIABILITIES, including legal Reserve on all existing policies (4 per cent.

Standard) .....\$59,154,597.00

*Total Undivided Surplus, over 4% Reserve* .....\$16,355,875.76

Of which the proportion contributed (as computed by policies in general class), is..... \$5,728,761.76

Of which the proportion contributed (as computed by Policies in Tontine class), is..... 10,627,114.00

(On New York Standard of 4½% interest, Surplus is, as computed .....\$20,495,175.76)

We certify to the correctness of the above calculation of the reserve and surplus.

From this surplus the usual dividends will be made.

GEO. W. PHILLIPS, }  
J. G. VAN CISE, } Actuaries.

*New Assurance written in 1886*.....\$111,540,203

*Total Outstanding Assurance*.....411,779,098

*Increase of Premium Income*.....\$2,810,475.40

*Increase of Surplus (Four per cent. basis)*.....2,463,636.63

*Increase of Assets*.....8,957,085.26

HENRY B. HYDE, President.

W. D. GARLAND, Manager Pacific Department,

240 Montgomery Street, San Francisco.

# THE COAST REVIEW

A MONTHLY JOURNAL

DEVOTED TO

FIRE, MARINE, LIFE AND ACCIDENT INSURANCE

J. G. EDWARDS, PROPRIETOR,

320 Sansome St. (Room 13), San Francisco, Cal.

VOL. 22.

MAY, 1887.

No. 5.

## PUBLISHER'S NOTICE.

Terms: \$3.00 per year; single copies, 25 cents; postage added to all foreign subscriptions. February copies to non-subscribers, 50 cents.

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Discontinuance, or errors, or changes in address, should be reported to the COAST REVIEW, and not to the post office. Repeat order if necessary. Subscribers and others who may take this journal from the post office or carrier are legally responsible, notice of discontinuance of subscription notwithstanding.

Subscriptions may begin with the January number, if so desired. Unless otherwise ordered, however, subscriptions will begin with the current issue.

Postage, when not sent from this office, is 2 cents per copy.

Correspondence invited. Write on one side of paper only. Be specially careful with names and dates.

Our readers are requested to send us court decisions and newspaper clippings relating to underwriting interests.

Communications, new advertisements and changes in old advertisements should be handed in before the 1st of the month, or as soon after the 1st as possible.

The COAST REVIEW will be mailed about the 8th of the month.

Advertising rates made known on application.

## A United States Circuit Court Decision.

[Reported for the COAST REVIEW.]

TENNANT, ADMR., ETC., v. THE TRAVELERS' INS. CO.: U. S. C. C., NORTHERN DISTRICT OF CALIFORNIA, APRIL 18, 1887.

This action is brought by the administrator of the estate of William Tennant, deceased, to recover the amount of a policy of insurance issued by the Travelers Insurance Co. of Hartford, Conn., to the said Wm. Tennant on the 20th day of June, 1881. For defendant it is contended that the policy, as originally issued, was void by reason of certain alleged false statements contained in the application upon which it was based. I do not think the evidence shows that there was any misrepresentation of fact in the application, and the finding will therefore be against defendant on that issue. But the defendant resists the action on two other grounds: one being that, conceding the validity of the policy as originally issued, it was not in force at the time of the death of Tennant; the other, that his death was not caused by external, violent and accidental means within the intent and meaning of the policy.

According to its terms the policy expired at noon of the 20th of June, 1882. But it

was continued in force from year to year until noon of the 20th of June, 1885, by the issuance to the insured party of renewal receipts, expressly continuing it, subject to the provisions and conditions therein contained. The evidence shows that it was the custom of the company to send such renewal receipts, signed by the Secretary, from the home office, in blank, and they were intrusted to the commissioned agents of the company, with authority to countersign and deliver the same from time to time as occasion required, for the purpose of continuing in force expiring policies. The evidence further shows that notwithstanding a clause of the policy to the effect that the actual payment of the premium before the happening of any accident is a condition precedent to its binding force, and that no waiver shall be claimed by reason of any act or acts of any agent unless such act or waiver be specially authorized in writing over the signatures of the President or Secretary of the company, the custom of the agents of the defendant was to give credit on the premiums, and such custom was acted on by the patrons of the company generally, and by the deceased in the present case, and was approved and ratified by the company by receiving and retaining, with full knowledge of the facts, the premiums paid pursuant to such credit. There is no difficulty, therefore, in holding that the policy in suit was continued in force until noon of June 20, 1885, by virtue of the delivery to the insured of the renewal receipts and the subsequent receipt and retention by defendant of the premiums due thereon. "The law of agency is the same," said Mr. Justice Field, in delivering the opinion of the Court in *Insurance Co. v. Wolff*, 95 U. S. 330, "whether it be applied to the act of an agent undertaking to continue a policy of insurance, or to any other act for which his principal is sought to be held responsible. The principle that no one shall be permitted to deny that he intended the natural consequences of his acts when he has induced others to act upon them, is as applicable to insurance companies as it is to individuals. The principle is one of sound morals as well as of sound

law, and its enforcement tends to uphold good faith and fair dealing. If, therefore, the conduct of the company in its dealings with the assured in this case, and with others similarly situated, has been such as to induce a belief that so much of the contract as provided for a forfeiture of the premium be not paid on the day it is due, would not be enforced if payment were made within a reasonable period afterwards, the company ought not, in common justice, to be permitted to allege such forfeiture against one who has acted upon the belief, and subsequently made the payment. And if the acts creating such belief were done by the agent and were subsequently approved by the company, either expressly or by receiving and retaining the premiums, the same consequences should follow."

But in the case at bar the insured died on the 22d of June, 1885. At the time of his death no premium had been paid for insurance beyond noon of the 20th of June, 1885, and it is insisted on behalf of defendant that, prior to his death, no renewal receipt had been issued by defendant's agent purporting to continue the policy in force. If the matter last mentioned be true, then, clearly the policy expired with noon of June 20, 1885; for no agent can any more bind his company by issuing a renewal receipt after the death of the insured than he could by issuing an original policy in favor of a dead man. But is it true that the receipt in question was not issued until after the death of Tennant? There is no reason to doubt the testimony of the agent to the effect that on the 20th of June—while the policy was in force—he filled out and countersigned a renewal receipt purporting to continue the policy for another year, and that he did this by direction of the insured, who requested the agent to retain the receipt in his office, but for the insured; and it was there at the time of the death of the latter. The mere manual possession of the policy, or, in this case, the renewal receipt, is of little consequence. "Its possession by the insured makes a *prima facie* case for him, subject to be met by proof that it was never delivered by the consent of the insurer; while its possession by the insurers

makes a *prima facie* case for them, subject to be met by proof that, though not transferred, it was intended by the parties to be a valid contract, without further action by either, and so in legal contemplation that there was a delivery." (May on Insurance, Sec. 56). When the agent of the defendant, while the policy was running and during the lifetime of the insured and by his direction, filled out and countersigned the renewal receipt, he did precisely what the company authorized him to do. He was constituted its agent to contract with the insured for a renewal of the policy and was intrusted with receipts in blank, signed by the Secretary of the company, with authority to fill out and countersign them in execution of such contracts. And when, pursuant to that authority, the agent, at the request of the insured, filled out and countersigned the receipt in question and thereupon assumed charge of it for the insured, the contract of insurance became complete and effectual. (Ins. Co. v. Colt, 20 Wall. 569; May on Ins., Sec. 60 and authorities there cited). I must find, therefore, that the renewal receipt was issued on the 20th of June, 1885, during the lifetime of Tenant.

To the objection that the premium was not paid until after his death, the answer is, that the agent, pursuant to a custom known to and ratified by the company, extended to the insured credit for the premium, and the latter, relying upon the credit thus extended, having deferred making the payment, it would manifestly operate as a fraud upon him to hold that the insurance did not become operative until the premium was actually paid.

The last point made for the defendant, however, I think, must be sustained. It is, among other things, provided by the policy that the insurance shall not extend to "any bodily injury happening directly or indirectly in consequence of disease, nor to any death or disability which may have been caused wholly or in part by bodily infirmities or disease existing prior or subsequent to the date of the contract. . . . nor to any case except where the injury is the proximate and sole cause of the disability or

death." And further, that no claim shall be made under the policy. . . . "where the death or injury may have happened while the insured was or in consequence of his having been under the influence of intoxicating drinks."

The evidence shows that the deceased was found dead in the plunge bath at Gilroy Springs, in Santa Clara county, about 10 o'clock P. M. of the 22d of June, 1885, in almost a standing position, with his right hand firmly holding to the pipe that supplied the bath with water, and his head so drooped that the surface of the water extended above his nose but left the top of his head exposed. There was an abrasion between his eyes and a bruise on one side of his head. The bath was eight or ten feet square and the water from four and a half to five feet in depth. The deceased was from 5 feet 8 inches to 5 feet 9 inches in height. The water is naturally warm, its temperature being from 100 to 105 degrees, the result being to fill the room with hot steam should the door be closed. In this instance the door was closed, the deceased having locked it from the inside.

It further appears from the evidence that for many years the deceased was a free drinker of intoxicating liquors, and that for the last few years of his life he was a heavy drinker. His physician testified at the trial that during the latter part of his life he drank to such excess as to bring on epileptic fits, from the effects of which he (witness) had relieved him. This witness further testified that upon the recovery of the deceased from such attacks, he would resolve to cease drinking altogether, and that at the time of his death he was endeavoring to stop, but stopped too suddenly. He testified further, in substance, that the entrance into the bath in question of one in the then condition of the deceased, would be likely to result in an epileptic attack, and that the fall or blow that caused the abrasion between the eyes and the bruise on the side of the head, were not sufficient to have caused death.

When it is considered that the evidence shows that the abrasion and bruise were but slight, and that the deceased when

found was in almost a standing position, with his right hand firmly grasping the supply-pipe, it is impossible to believe that his death was caused by a fall or blows. In view of all the facts and circumstances of the case, considering the condition of the deceased at the time of and just previous to his death, the probable effect of the heat of the bath upon one in his condition, his position when found and the condition of his body after death, it seems to me to be clear that he came to his death through other causes than "external, violent and accidental means within the intent and meaning" of the policy in suit; and I must so find.

Upon this ground, then, must be judgment for the defendant; and it is so ordered.

E. M. Ross, D. J.

### Digest of Recent Insurance Decisions.

#### Fire.

Russel v. Cedar Rapids Ins. Co.: Ia. S. C.

**INCUMBRANCE—FORFEITURE.**—A barn and contents were insured for \$1,000. The barn was situated on 280 acres of land owned by insured. A condition in the policy declared that it should be void "if the insured hereafter mortgage or incumber the property" without the consent of the insurer. When the insurance was effected there was a mortgage on the 280 acres of \$1,600, and after the policy was issued the insured sold 200 acres of this land and bought 40 acres adjoining, and paid the mortgage; to do which, however, she mortgaged the remaining 80 acres for \$1,000, the property insured being on that part of the land. Company refused to pay, on the barn and hay being burnt, on the ground that this new incumbrance was not authorized, and therefore the policy was avoided, and the trial court decided with the company. *Held*, That the farm, after the sale of a part of it, had an incumbrance on it less in amount \$600 than when the policy was issued. The case, then, is one of a change of incumbrances, reducing the amount thereof, as well as the quantity of land incumbered. The land was incumbered when the policy was issued, and re-

mained encumbered after the new mortgage was taken. The renewal or change of the incumbrance was not necessarily a breach of the condition of the policy. If the incumbrance remaining upon the land unsold should be less in proportion to the quantity than was upon the land when the policy was issued, there was surely no breach of the condition against incumbrances. Or if for any reason the hazard should not be increased by the change, so that no higher rate of premium would be demanded, there would arise no violation of the condition. The question, then, in order to determine whether there has been a breach of the condition, is this: Was the risk increased, or was defendant's security decreased by the change of the incumbrances? This is a question of fact, and should have been left with the jury. The evidence by no means establishes beyond dispute that there was an increase of hazard and a demand for a higher rate of premium. Indeed, the evidence as to the tract of land covered by the mortgages in question is inadequate and uncertain. We cannot say that without dispute or conflict it appears the hazard was increased. That question should have been submitted to the jury under proper instructions.

Phenix Ins. Co. v. Pratt: Minn. S. C.

**LIABILITY OF LOCAL AGENT.**—Local insurance agents are liable for losses arising from negligent omission on their part, in departing from instructions of their superiors in the management of the trust committed to them. Where a local agent received instructions from the State agent of the company (whose authority included the supervision and cancellation of risks taken by the local agents) desiring him "to relieve the company" of a certain risk "as soon as possible," which the local agent failed to do, but instead answered by letter requesting "that the policy might run to expiration," which would occur a few days later, and stating that it would be an accommodation to him to allow it to so run, and thereafter, within four days, the insured property burned before opportunity for reply it is sufficient evidence that he understood the instructions of his superior to be a direction to cancel,

ESTABLISHED 1837.



# Westchester Fire Insurance Co.

No. 27 and 29 Pine Street, New York.

50th Annual Statement, January 1, 1887

Capital Stock, paid in.....\$300,000 00

## ASSETS

Market value

U. S. 4% Bonds.....	\$383,000 00
Bonds and Mortgages.....	249,250 00
Albany & Susquehanna R. R. Stock.....	57,600 00
N. Y. & Harlem R. R. Stock.....	112,500 00
Rensselaer & Saratoga R. R. Stock.....	85,000 00
N. Y., Lackawanna & West. R. R. Stock.....	52,500 00
Northern Pacific R. R. Bonds.....	23,800 00
Missouri, Kansas & Texas R. R. Bonds.....	20,000 00
Missouri Pacific R. R. Bonds.....	23,000 00
Oregon Short Line R. R. Bonds.....	21,300 00
St. Louis, Iron Mountain and So. R. R. Bds.....	15,000 00
N. Y. Central R. R. Bonds.....	10,500 00
Georgia State Bonds.....	22,000 00
Loans on Collaterals.....	51,500 00
Real Estate.....	2,000 00
Premiums in course of collection.....	92,782 88
Cash in Bank.....	80,106 78
Interest Due and Accrued.....	2,287 24

Total Assets .....\$1,304,126 90

## LIABILITIES.

Unpaid Losses and other Claims.....	\$ 57,521 01
Unearned Premiums or Re-insurance Fund.....	636,095 21
Total Liabilities.....	693,616 22
Net Surplus as regards Policy-Holders.....	610,510 68
Net Surplus as regards Stock-Holders.....	310,510 68
Total Income, year 1886.....	946,409 20
Expenditures, including 10% Dividends to Stock-holders.....	813,885 01
Income exceeds all Expenditures for year 1886....	\$132,524 19

*This Company has been in continuous and successful operation  
for a Half Century.*

GEO. R. CRAWFORD, Pres't.

SILAS D. GIFFORD, Treasurer.

SAMUEL M. PURDY, Vice-President.

JOHN Q. UNDERHILL, Sec'y.

PACIFIC DEPARTMENT,

A. C. Donnell & Co., General Agents,

No. 318 CALIFORNIA ST., SAN FRANCISCO.



and a recognition of the authority of the latter to so order.

*Kruger v. The Western F. & M. Ins. Co.*: Cal. S. C.

**PETROLEUM CLAUSE—WAIVER.**—The company claimed that no recovery could be had, on the ground of violation of this clause: "This company shall not be liable for loss occurring while any of the following named articles are kept stored or used in or on the premises herein described, any custom or usage of trade or manufacture to the contrary notwithstanding, namely, petroleum and its products." The plaintiffs replied that the company's agent waived that point by assuring them that the small quantity they kept in store would make no difference to the insurers, and the undisputed evidence seemed to prove that upon this assurance the plaintiffs were induced to renew the policies sued on. *Held*, That a condition avoiding a policy of insurance if petroleum, or any product thereof, be stored on the premises, it will be deemed to have been waived by a statement of the company's agent that the small amount kept by the insured would make no difference, and by the acceptance of the premium by the company. *Held*, That a renewal or renewals of the policy will be deemed to carry the same waiver of the condition as the original policy.

*Briggs v. Firemans Fund*: Mich. S. C.

**WAIVER.**—The fact that the company's agent went to the scene of the fire, and made inquiries, and requested an arbitration, which is expressly provided for in the policy by a provision that the policyholder shall pay half, and that the same shall not work a waiver of any of the conditions in the policy, does not constitute a waiver by the company of any right of forfeiture.

*Palmer v. Hartford Fire Ins. Co.*: Conn. S. C.

**RENEWAL POLICIES MUST BE TRANSCRIPTS.** In accordance with an agreement the defendant prepared and delivered a new renewal policy to plaintiff. A loss occurred and the plaintiff for the first time examined his policy and found that it contained the co-insurance clause, which was not in the first policy. The company insisted that there had been no mutual mistake, and that plaintiff was at fault by negligently failing

to examine the instrument and thus give the company an opportunity to cancel. *Held*, That the company was bound, in case of a simple renewal, to make the new policy a transcript of the old, except as to dates, and its neglect to do so justifies a reformation thereof.

*Continental F. Ins. Co. v. Jochechen*: Ind. S. C.

**ARSON—INSTRUCTIONS.**—Where a defense to an action upon an insurance policy was declared to be that the insured had purposely burned the property, an instruction that this defense and declaration must be proven beyond a reasonable doubt, is erroneous. In civil action of this class the rights of the parties are to be determined by a preponderance of the evidence only, and for this error the judgment is reversed and remanded for a new trial.

*Commercial Fire Ins. Co. v. Allen*: Ala. S. C.

**OWNERSHIP—PARTY-WALL.**—There was a party wall agreement of policyholder with adjoining property owner. Payment was resisted on the ground that insured's interest in the property was not "entire, unconditional and sole ownership," but the court would not sustain the plea.

*Ibid*.

**WAIVER.**—An offer to pay the loss except upon certain things, is a waiver of proofs of loss, and gives the insured the right to sue at once.

*Ibid*.

**AWNING.**—A policy on a building but excepting store fixtures, furniture and sidewalk covered the awning.

*Ibid*.

**TENDER.**—A tender conditioned upon a receipt in full, or not followed up by bringing the money into court, is not good.

*Fire Ins. Ass'n v. Merchants & Miners Tr. Co.*: Md. C. A.

**CONSTRUCTION.**—The company, in its policy, agreed "to make good unto the said assured, their successors, executors, administrators and assigns, all such immediate loss or damage, not exceeding in amount the sum or sums insured as above specified, nor the interest of the assured in the property, except as herein provided." *Held*, That the words "except as herein provided" modify the preceding clause, and

not the words "loss or damage," and that the insurance was not limited to the interest of the assured in the property, other and written parts of the policy showing an intention to insure the owner's interest.

### Marine.

Royal Ex. Shipping Co. v. Dixon & Co.: H. of L.

**JETTISON.**—The steamer on her homeward voyage from New Orleans to Liverpool, grounded, and in order to get her off, a portion of the deck cargo, including cotton shipped to respondents, was thrown overboard. Appellants claimed exemption from liability by exceptions in bill of lading, which included loss or damage arising from stranding or other perils of the sea, their liability being confined solely to risks necessarily incidental to carriage of goods on deck. Respondents contended that the stowage on deck was negligent and improper, and that the loss was not covered by the exceptions in the bills of lading. *Held*, That it is clear that this cotton was carried under a contract that it should be stowed under deck. The exception in the bill of lading of jettison cannot avail the shipowners who broke their contract in stowing the cotton upon deck, and therefore directly caused the loss to the merchants. Every carrier by land, as by water, when he breaks his contract and causes damage thereby, is liable for the damage. The jettison of this cargo was the result of its being stowed upon deck.

Adelaide Marine Ins. Co. v. Colonial Ins. Co.: Eng. J. C. P. C.

**"AT AND FROM"**—**REINSURANCE.**—An Adelaide firm of wheat merchants chartered a sailing vessel. Appellant company insured a 2-14ths interest in the cargo of wheat at prevailing rates. Before the completion of the cargo the vessel and cargo were lost by the stranding of a ship which was admittedly seaworthy. Two thousand five hundred bags of wheat out of a total of thirteen thousand bags remained to be delivered to complete cargo. The respondents, having paid for the loss of the wheat, in accordance with their contract of insurance, called upon the appellants to indemnify them in accordance with their contract of cover. Appellants denied liability. The

Supreme Court of Australia gave judgment in favor of the plaintiffs. This decision was affirmed by the Judicial Committee of the Privy Council. It was held that "at and from" and "from" were convertible terms; that the policy attached to each portion of a cargo as it was put on board; that vendor had the right to say how the wheat should be stowed; that the insurers would have been liable for any loss had stormy weather compelled the captain to sail with partial cargo; that the delivery of wheat from time to time was a delivery to the purchasers, vesting in them the right of property and making the loss at their risk; that their right to return the wheat if the supply was incomplete did not affect the insurable interest.

Boyle v. "Bessarabia": U. S. D. C., S. C.

**SALVAGE.**—A fire broke out in a steamship loading with cotton at a wharf; there were four hundred bales put in the compartment aft and about seven hundred bales were in the forward compartment, in which compartment the fire was confined by the work of the city fire department, which was called to the ship. Ten streams of water, each throwing eight hundred gallons of water a minute were turned into the compartment, which put the fire out. When the tug, the master of which afterwards sued for salvage, came alongside the fire was under control. The master ran the tug to the ship and called out to have some one on the ship take her lines, which was done by the carpenter, the second mate being by. The mate hailed the tug, and asked why she came alongside, and if he had orders to tow the ship from the dock, to which no reply was heard. As soon as the tug was fast, the master went aboard the ship, and soon after the tug's hose was passed into the steamship. The master did not ask for or report himself to any officer of the ship or of the fire department. The water ran into the compartment through the tug's hose, which was from two inches to two and a half inches in diameter, for a short time—about twenty minutes—when its use was observed by the master of the ship and the chief of the fire department, and they took it away, without any resist-

ence on the part of the master of the tug. He remained alongside for a short time after this, and was then ordered away. He sued for salvage, and was defeated. *Held*, That in order to constitute salvage service, the property must have been in peril and must have been relieved by the services of the person claiming salvage, either rendered alone or in combination with others. The tug here arrived after the cargo to all intents and purposes was saved. Her master, therefore, could give no assistance. None was needed. As to the costs, they should be divided, for the libellant went to the ship with the intent to aid her, and courts always favor an intent of this kind. If, when he reached the ship, he had communicated with her officers or with the officers of the fire department, tendering his assistance, and had been ordered away and he had remonstrated, a different result might have been reached. At all events, he should not be punished.

#### Life.

Phoenix Mutual Life Ins. Co. v. Roddin: U. S. S. C.

CONCEALMENT. — Application contained these questions: "Has any application been made to this or any other company for assurance on the life of the party? If so, with what result? What amounts are now assured on the life of the party, and in what companies? If already insured in this company, state the No. of policy." Answer: "\$10,000, Equitable Life Assurance Society." *Held*, That the answer only purported to be an answer to the third of the four questions, and that, as that was answered truly, and the company chose to issue a policy without requiring the others to be answered, it was no defense in an action on the policy that the insured had made other applications for insurance which had been refused, even though the omission to state this was intentional.

*Ibid*.

CHANGE IN HABITS.—If the company accepts the payment of a premium after they have notice of a change in the habits of the insured, which, by the terms of the policy, would cause a forfeiture, they thereby waive the forfeiture.

Continental Life Ins. Co. v. Rogers: Ill. S. C.

MISREPRESENTATIONS. — Where the answers, etc., in the application are warranted to be true in all respects, followed by the further statement, "that if this policy has been obtained by or through any fraud, misrepresentation or concealment, said policy shall be absolutely null and void;" which fraud, etc., relates to the answers. Such of the answers not material to the risk, as were honestly made in the belief they were true, will not be binding on the assured, or present any obstacle to a recovery. As a rule, where the application is expressly declared to be a part of the policy, and the statements therein are warranted to be true, such statements will be deemed material, whether they are so or not; and if shown to be false there can be no recovery on the policy, however innocently made, and, notwithstanding their falsity, may have no agency in causing the loss or producing the death of the insured.

*Ibid*.

ESTOPPEL.—In an action on a life policy of insurance the plaintiff must aver in the declarations the making of the policy, its terms, the payment of the premium, the death of the assured, and the giving of the notice and making of the proof thereof to the defendant, as required in the policy; and upon proof of such averments, in so far as their proof is not waived or dispensed with, a *prima facie* right of recovery will be established, which the defendant must meet by some affirmative action to defeat a recovery. And where these declarations and proof of death of the assured (though not in proper form) is in apt time delivered to an insurance company, its failure to make any objection to the same will estop it from afterward questioning its sufficiency, no matter how defective it may have been.

#### Accident.

Tennant, Admr., etc. v. The Travelers Ins. Co.: U. S. C. C., Northern District of California, April 18, 1887.

CREDIT FOR PREMIUMS.—Where a company approves and ratifies credit for premiums by receiving and retaining such premiums with the knowledge of the credit thus given by its agent, the policy issued

with such credit for premiums is in force from the date of such issue, notwithstanding a clause denying any liability until the premium is paid. Where the insured, relying upon the credit thus extended, defers payment, it would manifestly operate as a fraud upon him to hold that the insurance did not become operative until the premium was actually paid.

*Ibid.*

**A DEATH IN THE BATH NOT ACCIDENTAL.** Policy (accident) provided that the insurance should not extend to "any bodily injury happening directly or indirectly in consequence of disease, nor to any death or disability which may have been caused wholly or in part by bodily infirmities or disease..... nor to any case except when the injury is the proximate and sole cause of the disability or death." Deceased was found dead, in a nearly standing position, in a hot plunge bath. There were bruises on his head. He was taking the baths on account of disease. *Held*, That as the bruises were slight it is impossible to believe that his death was accidental; he came to his death through other causes than "external, violent and accidental means within the intent and meaning" of the policy.

#### Assessment.

*Streeter v. W. U. M. Life and Accident So.; Mich. S. C.*

**SUICIDE.**—The policy contained the following clause: "If the insured shall, within three years of the date of this policy, die by his own hand, sane or insane, this policy shall become and be null and void." Within three years from the date of the policy the insured died from the effects of a pistol shot wound inflicted upon himself. The evidence tended to prove that when he shot himself he was insane. *Held*, That a life insurance policy which is to become void if the insured "die by his own hand, sane or insane," does not cover a death by suicide which is the result of insanity, and which is itself an insane act, unless the act is involuntary, or the insured is at the time unconscious. *Held*, That the opinion of witnesses that the mental condition of an insured person, who shot himself while insane, was such that he could not control

his physical actions, such opinion being based upon the witnesses, observation of the person's mental condition previous to the suicide, and not upon their knowledge of the circumstances of the suicide, has no tendency to prove that the killing was involuntary.

#### McCormick & Delanoy Defeated Again.

The case of McCormick & Delanoy v. Springfield Ins. Co. *et al.*, remanded by the Supreme Court for a new trial some two years ago, was disposed of in Department 2 of the Supreme Court in this city last month. The plaintiff was again defeated. The suit was for the recovery of \$2,000 on a stock of manila paper stored in a warehouse in Santa Clara county. The Supreme Court decision was printed in the COAST REVIEW for February, 1885. The plaintiffs are the President and Secretary of the Lick Paper Company, which owned the insured property. The plaintiffs held the manila paper as commission merchants in trust for their commissions, but it was insured in their name. The policies stated that they must be the sole and absolute owners of the material to make the insurance valid.

The Supreme Court reversed the decision of Judge Sullivan of the Superior Court, and remanded the case for another trial, with permission to the plaintiffs to amend their complaint. It was held at the recent trial in the Superior Court, that "the charge of fraud is not clearly and unmistakably or at all made out. It does not appear that the parties definitely or at all agreed that the policy should be a contract to insure the factor's lien held by plaintiffs on the property of the Lick Paper Company. Neither fraud nor mutual mistake is shown. All that is shown is an exhibition of mere carelessness. As against that this Court cannot grant relief. The matter set out as constituting a waiver by the defendant and estoppel upon the defendant against claiming the forfeiture, if presented to me as a new question might, in my judgment, warrant a finding in favor of plaintiff's theory on these matters. But the ruling of the Supreme Court precludes



STATEMENT OF THE CONDITION AND AFFAIRS  
OF THE

# MAGDEBURG

## Fire Insurance Company,

ORGANIZED 1845.

*Of Magdeburg, Germany, on the 31st day of December, A. D. 1886.*

**CAPITAL, \$3,750,000 00.**

Amount of Capital Stock paid up in Cash, - \$750,000 00

### ASSETS.

Real Estate owned by Company.....	\$ 393,086 00
Loans on Bond and Mortgage.....	775,162 50
Cash Market Value of all Stocks and Bonds owned by Company .....	1,379,788 43
Amount of Loans secured by pledge of Bonds, Stocks and other marketable securities, as Collateral.....	10,900 00
Cash in Company's Office.....	19,352 11
Cash in Banks.....	362,186 00
Interest due and Accrued on all Stocks and Loans.....	15,948 13
Premiums in the Course of Collection.....	241,883 10
Due by other Companies for re-insurances.....	281,068 65
Shareholders' endorsed notes.....	3,000,000 00

**TOTAL ASSETS** .....\$6,479,320 42

### LIABILITIES.

Losses in process of Adjustment or in Suspense.....	\$ 341,551 91
Gross Premiums on Fire risks running 1 year or less.....	1,096,510 33
more than 1 year.....	171,633 04
Cash Dividends remaining unpaid.....	997 50
All other Demands against the Company.....	178,579 62

<b>TOTAL LIABILITIES</b> .....	\$1,789,432 40
Net Surplus.....	339,585 02
Capital.....	3,750,000 00

**ASSETS**.....\$6,479,320 42

### INCOME.

Net Cash actually received for Fire Premiums.....	\$2,481,230 74
Received for Interest on Bonds and Mortgages.....	27,565 39
Received for Interest and Dividends on Bonds, Stocks, Loans and from all other sources.....	58,751 22
Received for Rents.....	14,356 24
Received for Premium on Stocks.....	1,544 16

**TOTAL INCOME**.....\$2,583,457 75

### EXPENDITURES.

Net amount paid for Fire losses (including \$450,876 24 losses of previous years)	\$1,654,135 41
Dividends to Stockholders.....	256,250 00
Paid or allowed for Commission or Brokerage.....	329,447 95
Paid for Salaries, fees and other charges for officers, clerks, etc.....	179,588 51
Paid for State, National and local taxes.....	18,333 41
All other Payments and Expenditures.....	116,864 59

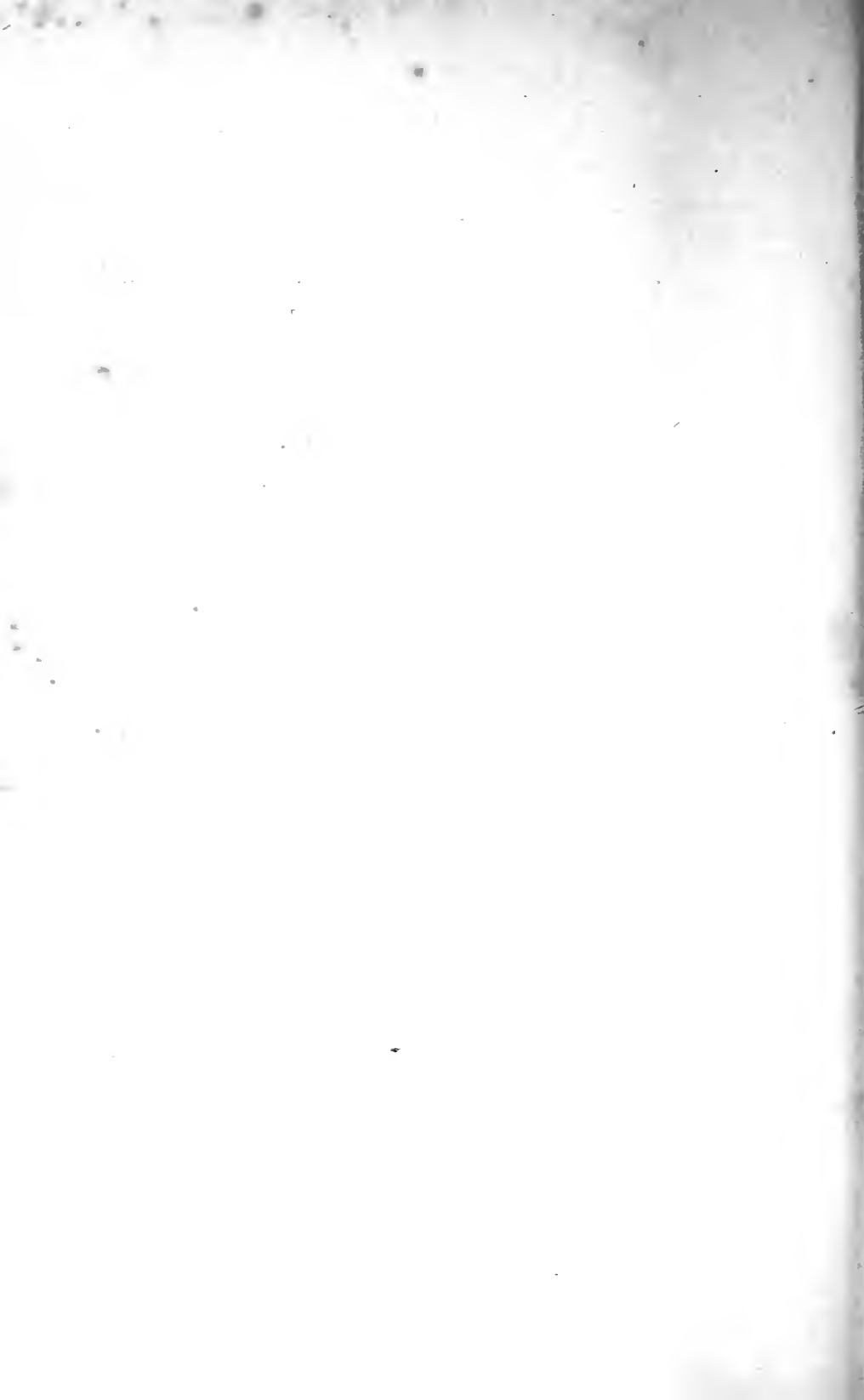
**TOTAL EXPENDITURES**.....\$2,554,619 87

**GUTTE & FRANK,**

General Agents.

307 CALIFORNIA STREET,

SAN FRANCISCO, CAL.



any such finding in the case at this stage. Judgment should be for the defendant."

In the original trial the plaintiffs contended that the defendant waived the warranty as to ownership, through the action of its general agents; but the Supreme Court held that as the policy contained an express covenant that there should be no waiver unless endorsed in writing, there was no waiver in the absence of such written endorsement, whatever may have been the action of the agents.

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### Bad Defense.

Several of the Iowa fire insurance companies resist claims on the most unreasonable grounds. They are probably wildcat companies, with nominal assets and inadequate rates. The alternative with all such companies is to scale or repudiate just claims or shut up shop. An example of their absurd litigiousness is given in our legal digest this month. A barn on a mortgaged farm was insured in the Cedar Rapids Insurance Company. A part of the farm was afterward sold and the mortgage paid; but the insured then bought a smaller tract adjoining, and placed a new and smaller mortgage on the old farm to pay for the new purchase. The barn was burned and the company refused to pay, because the new incumbrance, though smaller than the former incumbrance, was not authorized. It is with satisfaction that we read the decision of the Supreme Court in favor of the plaintiff. It was held that the new incumbrance was merely a renewal or change which was not a breach of the condition of the policy. Another, but not so bad a case, is supplied by the Council Bluffs Insurance Company. The defense offered by this honorable company was that plaintiff's answer in his application was false in stating that the house insured was "built" at a certain date. It was seriously contended that it was not built at that time, as some of the materials were taken out of an old house near, which had been torn down. The Supreme Court refused to accept such a defense, and excluded evidence as to the meaning of the word "built" among insur-

ance men. The company argued that "built" refers only to buildings constructed of new material. It is such a defense as this or the foregoing that creates and strengthens prejudice against insurance companies. If there were any other and good reasons for resisting these claims they did not appear in the report of the suits. It is gratifying to know that the latter company is not, and the former company was not, a legitimate fire insurance enterprise.

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### Liability of Agents.

Local agents who delay cancelling a risk after instructions to do so are liable for the loss which may follow. Their liability has been repeatedly held by the Courts, notably in *Franklin Ins. Co. v. Sears*, U. S. C. C., in 1884, and recently in *Phoenix Ins. Co. v. Pratt et al.*, Minn. S. C. In the former case the company notified the agent to cancel an oil-still policy, and the agent in turn notified the broker from whom the risk had been accepted, but the order was not obeyed. The Federal Circuit Court held the agent responsible for the amount of the loss under the policy. The Federal Supreme Court had previously decided (December, 1883) in *Grace v. American Central Ins. Co.*, that notice to a broker is not notice to the assured, notwithstanding the fact that the policy declared that the broker was the agent of the assured and not of the company. The Court ruled that the broker ceased to be the agent of the assured when the policy was delivered. In the case decided by the Minnesota Supreme Court the local agents had been instructed by the company's special agent to cancel an undesirable mill risk. The defendants admitted the receipt of such a letter from the special agent, but there was some disagreement as to the wording of the letter, but the version of the defendants, "I wish you would relieve us of this risk as soon as possible," was accepted by the Court. The fire occurred four days after the receipt of the letter. As the defendants offered no good reason for not cancelling the policy within that time, the Court held them liable for the loss. They were bound, said the Court, to

the exercise of good faith and reasonable diligence in discharging the duties which they owed to their principal. The agents claimed they did not understand that the special agents had authority to order cancellations, but they admitted receiving prohibitions as to renewals from him before. It was therefore held that they did not misunderstand the scope of the special agent's authority. The defendants also urged that they had no money of the plaintiff with which to repay the small unearned premium, but the Court would not consider this objection. Both these cases clearly establish the responsibility of agents for losses accruing under policies which they fail to cancel according to instructions.

### Law Notes.

Chapter 248 of the New York Laws of 1879 provides that all policies of insurance issued within the State upon the lives of husbands for the benefit of their wives shall be assignable by the wife with the written consent of her husband. The New York Court of Appeals lately decided in the case of *Anderson, executor, etc., v. Goldsmith*, that the joining by the husband in the execution of an assignment by his wife of a policy of insurance on his life for her benefit satisfied the provisions of the act.

An Englishman insured his life for £5,000, and deposited the policy with his bankers to secure the repayment of any moneys due or to become due them from him, not exceeding £4,000, together with interest, commission and charges. He died, owing the bankers £5,000. The bankers contended that they had a general lien on the policy for the debt in excess of the £4,000 limit, but they were able to recover only the sum originally agreed upon.

In the case of a policy payable to the "assured," the U. S. C. C. for Connecticut decided that the beneficiary, who made the application and paid the premiums, was the assured.

The Kentucky Court of Appeals recently held that where a father induced his chil-

dren to release their interest in a policy of insurance which they were entitled to as heirs of their mothers they cannot afterwards set up the want of consideration for the release, as against a third party, a creditor of the father, to whom the policy had been assigned; but one of the children being a married woman at the time of executing the release, it was void as to her.

A person who has no insurable interest in another's life can not recover upon an insurance policy on such life obtained by purchase during the lifetime of the insured. A policy so obtained is a mere wager and void.

The Michigan Supreme Court does not agree with the United States Supreme Court in the opinion that suicide while insane is an accident under an accident policy. The Michigan Court recently decided that the death of a person who kills himself while insane, cannot be considered to be accidental, so as to be covered by an insurance policy, excepting the case of a person dying by his own hand, sane or insane, because his insanity was produced by an accident.

Where the purchaser of property has paid the money therefor but has not received the deed, he is nevertheless the "sole, unconditional and fee-simple owner" of the property, within the meaning of the usual condition in insurance policies.

The "good will" case of *Law & Co. v. Fire Association of Philadelphia* has been appealed to the U. S. Supreme Court.

In 1881 a Mrs. Anderson received a policy for \$10,000 on her household furniture stored in a warehouse. By her direction the policy was left with her agent, who afterward returned it to the company without her order, while she was in Florida. No demand for the premium was ever made of her. She held a memorandum of the insurance contract. Payment of the loss was refused on the ground of non-payment of the premium. A jury returned a verdict for the plaintiff, and a new trial was denied, the court holding that the defendant was

bound by the action of its collector, who left the policy with the plaintiff's agent, and that plaintiff was not bound by the unauthorized return of the policy by said agent. The New York Court of Appeals has just affirmed this judgment. We don't understand by what hocus-pocus of legal twistification one party is held responsible for the action of its agent and the other is not held responsible for the action of her agent.

A curious case is being tried by the U. S. Circuit Court at Chicago. A lake propeller was wrecked and soon after caught fire and burned to the water's edge. The owner held \$15,000 marine and \$12,000 fire policies. The fire companies refused to pay anything, claiming that as the vessel was a wreck the marine companies should bear the loss. The marine companies offered to pay \$2,500, claiming that amount would have repaired the vessel if she had not caught fire. The court is asked to apportion the amount the fire and marine underwriters should pay.

Where a policy of insurance upon stock of "general merchandise" provided that it would be void if the insured kept gunpowder in the premises without written permission in the policy, the Kentucky Court of Appeals held that the mere fact that gunpowder was usually kept as part of such a stock of goods, or that the agent who took the application told the insured that he could keep gunpowder for sale, would not preclude the company from relying on the condition in the policy. *Western Assurance Co. v. Kector*, decided March 5.

The plaintiff had a fire policy on his steam saw and stave mill, in which it was provided that it should become void if the assured was not the sole and unconditional owner of the property. He held the title by virtue of a contract which he had fully paid up, but he had no deed of the property. When the loss happened, the company refused to pay plaintiff on the ground that he had not a deed of the property, but held only under the contract. In this case (*Lewis v. New England Fire Insurance Company*) the plaintiff demurred to the

defense on the ground that it showed title in him. The United States Circuit Court, District of Vermont, decided in favor of the plaintiff, holding that the plaintiff had bought the land from the owner in fee simple and had paid for it, and no one could have deprived him of it. There was no condition in the policy about the manner of his acquiring it, and the company cannot question the form of his title. The insurance money is due to the plaintiff.

### Colorado's Co-operative Law.

Colorado leads California in useful insurance legislation. Under the new assessment insurance law of Colorado, all policies or certificates must specify the minimum amount and date of payment, and the beneficiary's claim has priority over all other indebtedness. Failure to pay such claim authorizes the Superintendent of Insurance to enjoin the association from issuing other policies until the indebtedness is paid. If not paid within three months after default, the attorney-general can apply to the district court for an order closing the business of the company. Assessments are limited by the amount of the claim, and must not include expenses. Annual statements must be filed with the Insurance Department. No person over sixty years old can be lawfully insured in assessment companies. The new law is a good one. We hope that its immediate effect will be the closing of the humbug Great Western Mutual Aid Association of Denver. It can do no business if the minimum specified in the policy or certificate corresponds with the small proportion (one-seventh) usually paid by that hat-passer.

The American Surety Co. has convicted the absconding Kansas City telegrapher, who will do penance under mural restraints for three years.

The Nebraska legislature has passed a bill providing for the taxation of premiums in excess of losses and expenses in the State. The personal property tax rate is to be imposed, and other taxes, except on real estate, are prohibited.

## Statistics of American Life Insurance for Twenty-Eight Years.

The following tables show the financial condition and amount of business transacted by life insurance companies reporting to the New York Insurance Department, for a period of twenty-eight years, from 1859 to 1886, inclusive. These statistics have been compiled from the official figures.

## FINANCIAL CONDITION.

NUMBER OF COMPANIES.	Year ending Dec. 31.	Capital.	Assets.	Liabilities exclusive of Capital.	Surplus as to Policy-holders.	INCOME.			EXPENDITURES.	
						Total Prem. Receipts.	Income from Investments and Miscellaneous Sources.	Total Income.	Taxes, Commissions and Other Expenses.	Total Disbursements.
14.....	1859	\$1,575,000	\$20,636,085	\$15,464,936	\$5,071,149	\$3,970,125	\$1,270,320	\$5,230,445	\$763,237	\$2,634,143
17.....	1860	2,121,200	24,115,687	17,159,873	6,955,814	4,770,346	1,227,798	5,998,144	744,801	2,908,936
17.....	1861	2,118,000	26,670,397	18,278,402	8,391,995	4,913,391	1,379,025	6,292,416	792,100	3,638,481
18.....	1862	2,310,000	30,123,332	23,791,459	6,331,873	5,742,448	1,698,043	7,440,491	871,867	3,769,153
18.....	1863	2,653,500	37,838,190	28,655,154	9,173,036	6,503,969	2,121,017	10,624,986	1,935,011	6,764,043
22.....	1864	3,134,200	49,027,297	34,718,231	14,309,066	13,131,974	2,981,164	16,163,138	2,299,142	7,021,649
27.....	1865	3,194,200	64,232,123	46,341,439	17,890,694	21,558,317	3,288,703	24,887,020	4,025,619	10,695,355
30.....	1866	4,790,600	91,587,028	65,588,523	25,998,505	28,854,106	4,550,660	34,375,666	6,770,335	17,176,666
39.....	1867	5,577,600	125,548,951	88,597,422	36,951,529	30,365,116	6,096,851	56,481,997	9,480,443	26,325,213
43.....	1868	8,387,768	175,962,330	135,806,958	39,456,372	67,863,395	9,546,833	77,382,168	13,789,089	40,959,021
53.....	1869	9,876,364	229,027,442	180,932,859	48,164,566	67,863,395	12,454,164	98,507,319	17,278,478	54,471,676
70.....	1870	10,519,484	269,020,441	221,160,702	48,359,739	90,208,266	14,727,882	105,026,148	18,349,431	63,876,940
68.....	1871	10,898,359	302,558,199	254,561,781	48,006,418	96,710,877	16,779,685	113,490,562	20,242,707	77,636,280
59.....	1872	9,667,416	335,168,543	288,327,107	46,841,436	96,002,663	20,703,925	117,306,929	18,006,861	78,207,257
56.....	1873	9,313,456	360,140,684	311,560,928	48,587,756	96,000,069	22,397,413	118,396,502	17,208,206	81,232,333
50.....	1874	7,277,000	387,281,897	328,392,552	58,889,345	89,344,996	26,297,718	115,730,714	15,986,581	84,601,446
45.....	1875	5,746,700	403,142,982	342,330,263	60,812,729	85,788,511	24,551,573	108,645,084	14,198,594	79,662,466
38.....	1876	5,176,500	407,406,333	342,779,780	61,126,553	83,788,511	24,551,573	108,645,084	13,174,419	74,337,324
34.....	1877	4,865,500	396,429,691	334,816,433	61,604,098	72,066,698	23,228,454	95,368,583	13,927,565	72,128,070
34.....	1878	4,950,500	404,079,145	339,585,627	64,493,518	69,930,610	23,228,454	90,469,999	12,951,312	68,888,363
18.....	1879	5,162,900	411,353,355	341,762,745	69,590,610	53,286,355	23,972,548	77,700,403	12,951,312	66,317,859
34.....	1880	5,100,506	428,832,871	355,805,939	72,526,832	63,972,388	23,431,067	87,409,513	13,338,788	66,242,344
1881	1881	5,584,087	449,692,947	354,997,104	76,751,391	60,504,274	24,605,800	92,700,134	15,295,264	71,743,588
30.....	1882	4,290,500	471,805,920	391,507,897	80,298,093	67,322,119	25,240,644	92,569,763	18,153,435	76,632,098
29.....	1883	4,250,500	491,487,719	409,676,528	81,811,191	72,016,264	27,014,093	99,071,376	19,040,797	80,259,549
29.....	1884	4,250,500	523,654,678	430,915,101	92,749,486	78,513,171	28,234,401	106,527,864	21,066,540	82,319,096
29.....	1885	4,250,500	560,125,360	453,862,932	101,262,427	88,726,914	28,234,401	116,961,315		
Totals for 28 years.....						\$1,579,004,780	\$443,931,578	\$2,022,936,358	\$324,211,120	\$1,441,532,019

## PAYMENTS MADE AND POLICIES ISSUED.

Year ending Dec. 31.	NUMBER OF COMPANIES.	PAYMENTS TO POLICYHOLDERS.					Dividends to Stock- holders.	POLICIES ISSUED DURING THE YEAR.		POLICIES IN FORCE AT END OF YEAR.	
		Paments for Losses, Endow- ments and An- nuities.	Payments for Lapsed, Surren- dered and Pur- chased Policies.	Dividends to Policy- holders.	Total Payments to Policy- holders.	Number.		Amount of Insurance.	Number.	Amount of Insurance.	
1859	14.....	\$1,310,616	\$129,450	\$416,724	\$1,856,790	\$14,116	9,261	\$30,058,408	49,608	\$141,497,978	
1860	17.....	1,360,000	243,954	497,848	2,101,802	62,333	12,639	35,589,934	56,046	163,703,465	
1861	17.....	1,474,005	665,341	637,522	2,776,858	69,513	9,563	24,978,444	57,292	164,250,092	
1862	18.....	1,705,610	468,235	627,574	2,801,419	85,867	17,430	43,471,429	64,252	183,962,577	
1863	22.....	2,305,892	361,830	1,031,939	3,699,661	129,371	35,224	89,812,093	98,095	267,658,677	
1864	22.....	3,196,659	407,754	1,036,912	4,581,323	141,182	59,198	155,803,897	146,729	395,703,038	
1865	30.....	4,125,442	691,382	1,475,212	6,292,036	277,700	86,261	245,427,057	209,392	580,882,263	
1866	39.....	6,428,472	1,226,556	2,532,477	10,187,805	218,525	134,300	404,510,474	305,350	805,105,877	
1867	43.....	8,253,003	2,067,782	6,183,624	16,504,409	340,361	158,005	471,611,744	401,140	1,161,729,776	
1868	55.....	11,098,685	3,762,732	6,183,624	27,529,084	640,248	201,922	579,657,371	637,594	1,528,984,685	
1869	70.....	15,692,831	5,016,368	15,763,862	36,575,593	617,505	231,269	614,762,430	656,572	1,836,617,819	
1870	19.....	19,522,712	7,916,988	15,869,557	44,949,257	578,152	297,180	587,863,236	747,807	2,023,884,955	
1871	68.....	28,773,941	13,263,300	14,624,068	56,661,639	639,534	209,753	488,655,022	785,360	2,101,461,834	
1872	59.....	25,672,380	13,322,009	20,077,949	59,672,388	528,008	201,346	465,614,001	804,444	2,114,742,591	
1873	56.....	27,232,435	16,669,394	22,938,235	66,840,264	452,976	199,050	351,803,670	779,534	1,997,236,230	
1874	25.....	25,797,800	22,463,955	16,617,018	64,868,833	376,619	144,783	299,276,327	774,625	1,922,043,146	
1875	50.....	27,174,631	20,414,376	17,900,005	65,489,810	334,002	133,035	299,276,327	774,625	1,922,043,146	
1876	35.....	26,567,860	21,354,376	16,187,128	63,109,354	324,410	99,036	229,665,480	706,179	1,735,995,190	
1877	26.....	26,103,286	19,152,318	15,357,370	60,652,974	325,755	81,909	178,283,617	633,066	1,556,105,323	
1878	34.....	29,153,226	17,096,394	13,479,613	60,986,669	249,320	67,010	156,501,129	612,843	1,480,921,223	
1879	34.....	31,684,522	12,207,823	13,070,613	57,371,958	278,272	67,399	167,865,390	595,486	1,439,961,165	
1880	34.....	30,032,174	9,923,026	13,171,992	56,124,132	336,355	72,267	148,506,335	608,681	1,475,994,672	
1881	31.....	31,068,144	8,917,354	12,379,131	52,114,649	230,624	80,999	222,592,483	627,385	1,540,989,580	
1882	30.....	29,826,874	9,235,077	13,555,105	56,149,627	206,300	91,945	257,517,218	661,458	1,767,648,879	
1883	33.....	33,894,306	8,837,857	13,417,464	56,149,627	228,691	110,302	308,094,893	705,659	1,767,648,879	
1884	35.....	35,602,544	9,603,530	13,043,498	58,149,572	329,631	127,365	321,530,170	750,713	1,870,745,521	
1885	29.....	38,624,822	9,630,269	12,963,600	61,218,751	325,531	156,214	378,214,523	811,691	2,023,517,488	
1886	29.....	38,276,390	9,433,378	13,218,286	60,928,054	324,501	151,102	445,514,242	845,481	2,222,415,060	
Totals for 28 years.....		\$560,858,413	\$246,405,731	\$301,500,095	\$1,108,764,239	\$8,882,189	3,187,007	\$8,198,929,881	.....	.....	.....

## Resources and Business of Life Insurance Companies Operating in California.

Financial Standing December 31, 1886; Business of 1886; Surplus at 4% Per Cent. Standard.

NAME AND LOCATION.	Organized.	Assets.	Surplus.	Pre-miums.	Income.	Payments to Policy-holders.	Total Disbursements.	Insurance Written.	Insurance in Force.	Calif. Payments to Cal. Policy-holders.
Atlas, Hartford.....	1850	\$31,403,988	\$6,958,452	\$3,030,012	\$4,639,631	\$2,978,024	\$3,987,045	\$13,133,547	\$22,262,969	\$29,733
Connecticut Mutual, Hartford.....	1846	55,702,494	8,297,059	4,464,544	7,425,007	5,285,001	6,294,269	8,295,830	150,528,923	89,712
Equitable, New York.....	1859	74,332,973	19,441,787	16,274,155	19,873,734	8,366,608	11,764,987	111,540,203	411,779,098	329,810
Germania, New York.....	1850	12,310,626	1,695,996	1,749,369	2,329,455	1,200,829	1,589,873	5,317,044	41,817,338	83,624
Manhattan, New York.....	1850	11,310,058	2,905,165	1,741,836	1,672,050	1,187,567	1,550,168	5,921,229	36,251,889	110,130
Mutual Benefit, New York.....	1845	40,816,516	5,508,999	5,008,999	4,630,663	4,688,849	5,647,916	14,834,902	143,186,656	33,490
Mutual Life, New York.....	1842	113,679,962	13,846,196	15,634,721	21,137,177	13,129,104	16,283,086	56,832,719	393,809,203	87,585
National, Montpelier, Vt.....	1850	3,897,722	887,014	725,316	912,355	336,769	514,236	6,988,563	20,059,500	2,994
New England Mutual, Boston.....	1835	18,697,081	3,622,969	2,211,776	3,153,885	1,971,574	2,493,626	7,872,909	67,241,961	155,342
New York Life, New York.....	1855	74,921,927	15,543,319	15,160,469	18,831,758	7,627,230	10,810,207	85,178,294	304,373,516	165,588
Northwestern Mutual, Milwaukee.....	1857	26,648,074	6,009,579	4,416,489	5,870,797	2,413,999	3,571,507	31,439,889	137,629,360	53,146
Pacific Mutual, San Francisco.....	1868	1,498,621	193,460	68,841	480,491	226,300	332,317	1,276,689	8,073,900	229,022
Travelers, Hartford.....	1865	9,111,590	1,644,578	981,367	1,420,748	428,306	671,218	8,635,199	34,171,625	22,194
Union Central, Cincinnati.....	1867	3,223,395	545,478	943,074	1,129,067	301,615	716,969	11,641,586	22,515,556	5,162
Union Mutual, Portland, Me.....	1848	6,124,717	696,469	676,566	940,897	681,666	960,080	5,218,801	25,185,944	21,343
United States, New York.....	1850	5,633,138	1,113,090	985,034	968,048	526,368	841,665	4,165,175	21,109,157	9,803
Washington, New York.....	1860	8,269,614	981,291	1,505,639	1,915,817	1,111,383	1,496,731	7,428,439	36,574,831	14,361

## Life and Casualty Figures.

Part second of the New York Life Insurance Report furnishes the following statistics for 1885 and 1886:

## LIFE COMPANIES.

	1885.	1886.
Number.....	29	29
Assets.....	\$523,664,678	\$560,125,360
Reserve.....	424,386,245	451,872,592
All other liabilities.....	6,528,947	6,990,340
Total liabilities.....	\$430,915,192	\$458,862,932
Surplus.....	92,749,487	101,262,427
Capital stock.....	4,290,500	4,303,500
Premiums received.....	78,513,171	88,726,915
All other receipts.....	27,014,694	28,234,400
Total income.....	\$105,527,864	\$116,961,315
Claims paid.....	38,624,822	38,276,390
Dividends to policy-holders.....	12,983,660	13,218,286
Paid for forfeited policies.....	9,630,269	9,433,378
Expenses.....	18,715,266	21,066,541
Dividends to policy-holders.....	325,531	324,501
Total disbursements.....	\$80,259,548	\$82,319,096
Policies in force.....	814,691	848,481
Insurance in force.....	2,023,517,483	2,222,413,050

## FIDELITY AND CASUALTY COMPANIES.

	1885.	1886.
Number of companies.....	10	11
Assets.....	\$5,453,107	\$6,335,034
Reserve.....	1,682,836	1,942,376
All other liabilities.....	368,607	405,194
Total liabilities.....	\$2,051,543	\$2,347,570
Capital stock.....	2,567,560	2,957,560
Surplus.....	834,103	928,019
Premiums received.....	3,886,211	4,239,161
All other receipts.....	226,390	264,322
Total income.....	\$4,112,601	\$4,503,433
Losses paid.....	1,452,540	1,662,119
Dividends to stockholders.....	183,454	\$174,000
Expenses.....	2,067,728	2,245,479
Total disbursements.....	\$3,710,722	\$4,081,593
Accident risks in force.....	255,956,084	289,854,512
Steamer boiler risks in force.....	54,166,542	75,540,314
Fidelity risks in force.....	57,622,701	66,031,621
Plate glass risks in force.....	12,001,908	13,848,750
Totals.....	\$379,747,235	\$445,275,197

## CO-OPERATIVE ORGANIZATIONS.

	1885.	1886.
Number of associations.....	133	171
Invested assets.....	\$2,815,460	\$4,014,065
Other assets.....	2,971,651	4,103,382
Total assets.....	\$5,787,112	\$8,207,447
Total liabilities.....	2,482,231	2,927,973
Received from members.....	16,345,121	20,806,329
Other receipts.....	285,730	496,850
Total income.....	\$16,630,852	\$21,293,179
Claims paid.....	13,461,772	17,352,757
Expenses.....	2,337,588	2,728,542
Total payments.....	\$15,799,360	\$20,081,299

## A True Story in Rhyme.

BY VERITABLE VERITY.

The boy stood on the burning roof,  
Where he for life had fled;  
Germania Hall—not quite fire-proof—  
With flames was painted red.

"Jump!" yelled the horror-stricken crowd,  
"Jump, bubby, from the ridge!"  
"I can't!" the scared kid shrieked aloud,  
"This ain't no Brooklyn Bridge."

Huge tongues of flame, in fiendish joy,  
A-darting out like mad,  
Began to lick that noble boy  
As if they were his dad.

The firemen tried in dumb despair,  
That luckless youth to soak.  
Alas! no stream could reach him there,  
And he began to smoke.

Then came a voice of thunder sound,  
From one cool man below:  
"I'll save you, boy, unless you're drowned;  
Jump! jump, when I say go."

Then, snatching up the hose, he aimed  
A mighty stream on high.  
"Jump to the flood-gate!" he exclaimed,  
"And grab it tight, or 'ie."

Murrah! with one terrific scream  
Out leaped the kindling kid;  
And, clinging to that solid stream,  
Safe to the ground he slid.

## Live-Stock Insurance.

This topic, the insurance of live-stock, is of special interest in the West, where, from time to time, there is strong talk of organizing a substantial live-stock insurance company, and where there is always a demand for such insurance. The experiments in this line have failed with such uniformity that it is doubtful if even a mutual could be half-way successful, though honestly managed and operating in a territory under the direct and careful supervision of the head office. The *Monitor* for April has the following on this subject:

About every second or third year we are moved to write the same article over and over. The live-stock insurance balloon goes up and comes down with about the same regularity as an eclipse of the moon, and with about the same darksome effect upon those most interested in the venture

as is produced by that crepuscular occurrence.

The difficulty with the whole business is just this: Rates high enough to cover the normal losses of honest live-stock insurance drive trade away; men cannot pay the prices which will justify the company in assuming the natural hazards of the business; and if they let the rates remain low enough to secure trade the losses will break the company; and so, between the devil and the deep sea it goes down every time. We regret that we have not kept a list of these Western failures, we can call to mind only a very few of them, but we are able to name the *Ætna Live-stock Fire and Tornado Company*, of Oxford, Mich., which went down in 1871; the *Great Western Horse and Detective Company*, of Decatur, Ill., which went up in 1868; the *Fire, Lightning & Live-stock Company*, of Rochester, Minn.; the *Minnesota Mutual Live-stock*; the *Mankato Live-stock*; the *Rock River*, of Beloit, Wis., and now the *Security Live-stock* of Bloomington, Ill. A score more could be recorded if their names could be recalled. The experiment has been tried a great many times in the United States, but never successfully. Companies with capital and without capital were started years ago and their lack of success was attributed, by the rich and astute New England underwriters, to a defective financial basis; so in 1866, the *Hartford Live-stock Insurance Company* was organized in Connecticut with a cash capital of \$500,000 and a management which included some of the wealthiest men in Connecticut. Before it commenced business it sent abroad for information, and for several years studied the systems of live-stock insurance then in operation in Great Britain and Germany, and its managers supposed they were thoroughly equipped for a successful campaign in America. But within twenty-two months of its advent it sustained losses amounting to \$410,000 and was obliged to discontinue business.

The *Ætna Live-stock* of Hartford was organized in 1867, just as the Hartford was scooping in money by the bushel and was supposed to be making immense profits.

There are plenty of Hartford insurance men who can remember the enthusiasm of twenty years ago which prevailed when the *Ætna* Company opened its books for stock subscriptions, and the crowd was so great that parties came around to the side of the building and rapped on the windows begging for an opportunity to subscribe before all the shares should be taken! The projectors of the company were men noted for the careful and successful management of all institutions with which they had theretofore been connected, and it was believed that the warnings of the past would enable the new enterprise not only to steer clear of disaster, but to consummate a splendid financial success. In less than a year and a half it was a total shipwreck. Whether any of the new companies which have been organized in the West will be able to make a better record than their predecessors, is a matter which time only can determine; but with the annals of the past in view, we are inclined to take precious little stock in live-stock insurance in America.

### Chronicle Fire Tables.

The fire tables issued yearly by the *Chronicle* of New York, in book form, need no word of commendation from us. The work is a standard one, and supplies valuable statistics not otherwise obtainable. We make a few extracts, to-wit:

#### INCENDIARISM BY STATES.

Alabama.....	50	Missouri.....	14
Arkansas.....	54	Nebraska.....	80
California.....	7	Nevada.....	50
Colorado.....	25	North Carolina.....	36
Connecticut.....	51	New Hampshire.....	17
Delaware.....	46	New Jersey.....	23
Florida.....	39	New York.....	20
Georgia.....	45	Ohio.....	37
Illinois.....	17	Oregon.....	28
Indiana.....	35	Pennsylvania.....	14
Iowa.....	35	Rhode Island.....	27
Kansas.....	30	South Carolina.....	49
Kentucky.....	45	Tennessee.....	48
Louisiana.....	31	Texas.....	36
Maine.....	34	Vermont.....	35
Maryland.....	28	Virginia.....	22
Massachusetts.....	20	West Virginia.....	51
Michigan.....	24	Wisconsin.....	23
Minnesota.....	15		
Mississippi.....	55	Total.....	26

These figures are the percentages of in-

cendiary fires. Barely 51 per cent. of the property willfully burned in 1886 was insured. The ratio of incendiarism in the South remains higher than in any other section of the country.

#### INCENDIARY FIRES IN CLASSES OF PROPERTY FOR THREE YEARS.

Classes.	Per cent.	Classes.	Per cent.
Barns.....	41.2	Iron and steel w'orks.....	21.1
Breweries.....	23.6	Jails.....	66.6
Carriage and wagon factories.....	47.4	Liquor stores and saloons.....	32.3
Churches.....	27.2	Livery, training and hotel stables.....	63.1
Cotton-gin houses.....	51.5	Lumber yards.....	50.0
Cotton and woolen mills.....	15.3	Mining works, coal, etc.....	54.5
Country stores.....	67.4	Paper mills.....	26.6
Distilleries.....	34.5	Planing and moulding mills.....	37.1
Drug and chemical stores.....	27.5	Printing offices.....	17.0
Dry-goods stores.....	18.0	Railroad bridges.....	37.2
Dwellings.....	14.3	Railroad stations.....	23.9
Fancy notion stores.....	17.8	Restaurants.....	18.9
Flo'r and grist mills.....	53.9	Rinks.....	66.6
Foundries and machine shops.....	15.7	Saw mills.....	30.0
Furniture and upholstery factories.....	17.6	School houses.....	37.2
Furniture stores.....	32.7	Slaughter houses.....	59.0
Grain warehouses and elevators.....	47.8	Soap and candle factories.....	22.7
Grain and hay in stock.....	26.3	Tanneries.....	37.1
Groceries.....	32.5	Theaters and opera houses.....	38.0
Hardware stores.....	23.6	Tobacco barns.....	85.7
Hotels.....	32.1	Tobacco factories.....	36.9
Ice houses.....	46.4	Warehouses (cotton).....	43.3
		Warehouses (general).....	49.3

The property loss for the United States is placed at \$104,924,750, and the insurance loss at \$60,506,564, distributed by months as follows:

Month.	Prop. Loss.	Ins. Loss.
January.....	\$11,367,387	\$7,613,044
February.....	7,071,970	4,397,413
March.....	10,037,076	5,208,883
April.....	7,963,459	4,416,483
May.....	6,308,244	3,265,774
June.....	7,614,828	4,257,925
July.....	8,890,064	4,730,263
August.....	10,053,284	4,968,660
September.....	6,507,618	3,690,324
October.....	8,931,140	4,853,357
November.....	9,479,818	6,361,832
December.....	10,799,962	6,742,606

The *Chronicle's* estimates are conceded to approximate the real figures.

Four new British fire offices have been started within four months.

1829

CHARTER PERPETUAL

1887

# FRANKLIN

*Fire Insurance Company, of Philadelphia.*

## Statement of the Assets of the Company, Jan. 1, 1887.

### MORTGAGES

On Property valued at over \$2,000,000, being First Mortgage on unincumbered and Improved Real Estate in the city of Philadelphia, \$ 848,028 06

### REAL ESTATE.

Office of Company and dwellings..... 414,600 00

### LOANS.

Loans on Stocks and Bonds as Collateral Security (market value, \$781,180 75)..... 597,033 50

### BONDS AND STOCKS.

Cost.....\$1,103,222 64  
Market Value.....\$1,150,728 43

### CASH.

Cash in Banks.....\$105,415 70  
Cash in office of the Company..... 11,518 13  
Net Premiums in course of transmission..... 49,782 08 166,715 91

**Total.....\$3,177,105 90**

CAPITAL.....\$ 400,000 00  
Insurance Reserve..... 1,773,466 72  
Unpaid Losses and Dividends... 35,791 70  
Net Surplus..... 967,847 48

**TOTAL ASSETS, January 1, 1887 .. \$3,177,105 90**

### OFFICERS

JAS. W. McALLISTER, *President*, EZRA T. CRESSON, *Secretary*,  
FRANCIS P. STEEL, *Vice-President*, SAMUEL W. KAY, *Ass't Secretary*.

### DIRECTORS.

JAS. W. McALLISTER,  
ALFRED G. BAKER,  
ALFRED FITLER,

FRANCIS P. STEEL,  
GEORGE A. HEYL,  
GEO. FALES BAKER,  
JOHN SAILER.

JOHN WRIGHT,  
CHARLES M. SWAIN,  
CHARLES W. POTTS,

**ED. E. POTTER, Pacific Coast Manager,**

No. 428 CALIFORNIA STREET, SAN FRANCISCO.



### Parallel Cases.

The papers express surprise, pity and contempt for the women dupes of Mrs. Howe, the Boston adventuress, who paid high interest and kept the principal; but the equal folly of men who insure their lives in pass-the-hat companies is never referred to by the astute editors who ridicule the women for their lack of business common sense. The two cases are parallel. Mrs. Howe promised an interest rate which no legitimate business will pay, and moreover she paid such rate. Depositors flocked to her bank in great numbers, and out of the new deposits she paid the multiplying claims of the older depositors. The success of her scheme depended on the accession of "new blood." When that failed, the bank closed and the bankeress started westward between two days, and is now perhaps engaged in organizing an assessment life insurance company—a Band of Hope, or Chosen Friends, or Home Benefit association, or something of that sort.

The likeness between Mrs. Howe's home benefit association in Boston and any of our California hat-passers is a strong one. Both make extravagant promises, both depend on new dupes or new blood, both will flourish as long as "fools rush in," and failure is inevitable to both in time. The women who trusted Mrs. Howe were no more credulous than the men who trust the Bankers' and Merchants' Mutual Life Association of the United States and San Francisco. Mrs. Howe sold money at less than its face value by paying more interest (out of the principal) than money can earn; the San Francisco hat-passer sells insurance at less than cost. Mrs. Howe could not deliver the goods, could not repay the principal, and she failed, but lined her own purse well; the Bankers' and Merchants' Mutual cannot deliver the goods either, cannot pay the insurance it promises, and it must fail, as a thousand other co-operatives have failed. But the managers will thrive in the meantime.

Let us further consider the resemblance between the two schemes—between Mrs.

Howe's swindle and the co-operative swindle. The women of Boston persisted in trusting the adventuress with their money, despite the remonstrances of male friends and the fact of her previous failure. It was useless to argue with her dupes that no safe and legitimate business or investment could pay such high rates of interest. It was enough for the women to know that Mrs. Howe did pay such high rates, and they could triumphantly point to instances where both principal and interest had been paid. That was satisfactory evidence that the bankers did not pay the interest out of the principal. It was the Ward swindle repeated, with credulous women instead of foolish men for victims. Now note the likeness between Mrs. Howe's female dupes and the assessment insurance companies' male dupes. It appears to be equally useless to argue with the men that as co-operative insurance is sold below cost it cannot be delivered any more than Mrs. Howe's loans could be returned. It is equally useless to point out the facts that countless co-operatives have failed, that nearly all claims are paid in part only, that the collection of a claim cannot be enforced by the Courts, under the policy conditions or in the absence of any property, and that there is a partnership liability which may bring litigation to the living members but no justice to the dead. The bait of cheap insurance is as irresistible to the average man as the bait of high interest was to the average Boston woman. Of the two cases, that of the women dupes is less discreditable. They received their interest, as contracted by the borrower, at least; but the men who invest in co-operative insurance receive nothing in return for their assessment payments, exact no security of the managers, make no inquiries as to the disposition of the funds, and only accidentally learn the fact, if they learn it at all, that their trusted co-operative is paying only a fifth, a quarter, or a third of the face of maturing certificates. General Curtis, a member of the insurance committee of the New York Legislature, admitted the other day, while a bill was being discussed, that he had regularly paid assessments on a \$2,000 certificate until he

found that his hat-passer was paying only \$400, or one-fifth.

Are not the two cases parallel—that of Mrs. Howe and her dupes and that of the co-operatives and their dupes? If there is any difference in the folly of the two, the women were the less foolish and the more excusable than the men who trust in co-operative insurance. The women, who are inexperienced in business matters, received tangible evidence of Mrs. Howe's ability to execute her contracts; but the men, who pride themselves on their business acuteness, insure in co-operatives, and neither receive nor require evidence of the honesty of the management or the discharge of obligations.

### Lutheran Church and Life Insurance.

The Lutheran carpenter who wrote to Henry Ward Beecher for advice, said in substance that his church regarded life insurance as impious, and would expel him if he took out a policy. A paragraph in our last issue, quoting from Mr. Beecher's reply, has called out a letter of denial from a Lutheran. According to our correspondent, the Lutheran church is not opposed to life insurance, although there have been extremists in the church who believed insurance of any kind to be unchristian. We thank our correspondent for the following letter, correcting the error growing out of the carpenter's letter to Mr. Beecher:

NEW YORK, April 25, 1887.

Editor COAST REVIEW:

In your April issue you say, "It appears that the Lutheran church objects to life insurance, and expels members who shield their families with a life policy." Upon very excellent authority (see General Council Lutheran Church of U. S.) we beg to offer, in correction of your statement, the fact that the words "Life Insurance" are not found anywhere in all the creeds of the Lutheran church. Neither the Lutheran church, as a church, nor any part thereof, has at any time declared for any such thing as above-quoted clause sets forth. About 20 years ago this question was raised and discussed in the Missouri Synod; yet, notwithstanding the fact that Dr. Walther, of

St. Louis, the leader in that synod, earnestly advocated the principle that a Christian should have nothing to do with any kind of insurance, the synod never followed him in his extreme views. In one of their district synods they have now themselves organized a fire insurance company. This is the only instance in which, in the Lutheran church, this question was ever broached. Men with extreme views are found in every church; and probably a goodly number among denominations whose doctrine is absolute predestination, *i. e.*, that all that comes to pass must of necessity so happen—a doctrine which the Lutheran church has ever rejected—reason thus: All insurance provides for certain contingencies; future events belong, however, to the exclusive providence (determination) of God; therefore, insurance conflicts with the doctrine that God determines everything absolutely. My correspondent concludes—"These are private views of individual members, and churches are not responsible for them, unless they endorse them."

Very truly yours,

HENRY C. LAMMERT.

### A Bright Outlook.

Life insurance prospects on the Pacific Coast for 1887 have an unusually bright outlook at present. The San Francisco life agencies are reporting great activity all along the line. A surprising number of smaller policies—\$1,000 and \$2,000—are being written. It is believed that this increase is directly owing to the general discussion of the principles and benefits of life insurance by the fraternal societies. These useful orders have introduced life insurance, such as it is, to many families which would otherwise have gone without it. The visible benefits of such indemnity, and a better knowledge of the business principles upon which it rests, if thoroughly reliable, has stimulated a demand for the genuine and durable article among those classes which, as a rule, have heretofore wholly neglected or rejected life insurance. This is the opinion of several leading agents.

Our vanity prompts us to recall the fact

that the COAST REVIEW has at different times taken this view of co-operative insurance. While exposing its hurtful fallacies, and denouncing the ignorant and dishonest management apparently inseparable from all hat-passing schemes, we have at all times argued that there was compensation for the folly and rascality of co-operative insurance in the fact that it was an educator—although an ignorant teacher of the ignorant. The ordinary business co-operative, with its lying promises and “cheap” rates, has started the discussion of life insurance in quarters unfamiliar to the regular life solicitor; but the influence of the fraternal societies has been of wider extent and better character. Many failures of both kinds of co-operatives have strengthened the reputation of the regular companies and disposed people to willingly pay the just premium rates exacted for valuable and reliable life insurance. If in any case the prejudice engendered by co-operative failures should embrace old-line companies as well, it will doubtless be found to be entertained only by men who selfishly seek a pretext for declining to insure their lives on any terms.

### Twenty-eight Years of Life Insurance.

We print this month two full-page tables of the statistics of American life insurance for twenty-eight years, or since 1859. These interesting tables are made up from the New York life insurance reports. The number, resources and business of the companies are given for each year. There were fourteen companies operating in New York in 1859, and the number increased to seventy-one in 1871, but the withdrawal and reinsurance of many, and the failure of a few, reduced the number to twenty-nine in 1882, which have since continued to report to the New York Insurance Department. These companies represent nearly all the assets and business of American life companies, and the tables are therefore sufficiently comprehensive for all practical purposes.

The statistics referred to will repay a careful examination, for they illustrate the progress and recall the trials of life insur-

ance in this country. The tremendous growth of the “institution” is shown at a glance by comparing the rows of figures for 1859 with those for 1886. In twenty-eight years the assets ascended from \$20,636,085 to \$560,125,360, the largest aggregate ever reported. The premiums rose from \$3,970,125 to \$88,726,914, or about as much as all the stock fire insurance companies report to the same department. Life insurance in this country has reached that degree of development, it may be said, that the aggregate life premiums equal the aggregate fire premiums. But that part of the table which is most impressive, and which carries with it a conviction of the vast good accomplished, is the column of payments to policyholders. The total for the twenty-eight years is \$1,108,764,239, a stupendous sum of money distributed for death losses, annuities, endowments, surrendered policies, and dividends to policyholders. Over half went to the beneficiaries of deceased members.

Comparing the returns of 1886 and 1885, we find the following gains: assets, \$36,460,682; surplus, \$8,512,941; premiums, \$10,213,743; insurance written, \$70,299,719; insurance in force, \$193,896,562. These extraordinary and uniform gains should be not merely encouraging, but stimulating to every life worker. It is evident the ground grows better as it is worked, and will yearly produce better results for the labor bestowed. We suspect that our co-operatives deserve some credit for the increasing prosperity of genuine life insurance—first, because they have so widely brought the subject to the attention of an indifferent public, and secondly and principally, because they have so frequently and forcibly failed.

The assessments on a \$5,000 policy in the United Brethren Mutual Aid Society of Lebanon, Penn., in one year, aggregated \$365.10. No wonder the assured allowed the policy to lapse after paying \$2,971.50.

The American Life Insurance Co. of Philadelphia has changed hands, the President resigning, and a younger and live man taking his place.

### Extension of the Jurisdiction of the Pacific Insurance Union.

The jurisdiction of the Pacific Insurance Union now embraces the whole of eight States and Territories, namely, Washington, Idaho, Montana, Utah, Arizona, Oregon, California and Nevada. Eastern managers have conceded to the Pacific Insurance Union the entire jurisdiction of that Rocky Mountain territory which formerly owed a sort of divided allegiance to both the Chicago and the San Francisco underwriters' unions. This concession was a proper one from both a geographical and an underwriting point of view, for all of the territory in question is naturally more or less tributary to San Francisco, and the various hazards have a common character peculiar to the industries, trade and buildings of the mountain regions of the West.

Still another concession should be made by the Eastern companies. All the business of the eight States and Territories under the Pacific Insurance Union should pass through the hands of the San Francisco agents. Considerable embarrassment is now occasioned by the fact that a number of agents in the Rocky Mountain territory make their reports to Eastern managers instead of to the Pacific Coast managers of their companies. This necessitates the expense and inconvenience of a stamping office at Salt Lake City, and imposes additional adjustment expenses. It was only the other day that an adjuster was sent on from Chicago to adjust a Montana loss. He accomplished nothing, through some inadvertence, and his company or its Eastern manager was obliged to ask for the figures of the San Francisco adjuster. Had the risk passed through the hands of the San Francisco manager of the company the needless expense of an adjuster from the Chicago end of the line would have been saved, and there would have been no controversy as to the obligation to bear an equal share of the expense of the adjustment made by the San Francisco agencies.

We are inclined to think that the few Eastern managers who still handle Rocky Mountain risks would cheerfully acquiesce

in the concession we suggest. The business they handle in this Western field is too small to warrant any serious objection to the proposed change. The natural channel for all risks under the jurisdiction of the Pacific Insurance Union is through San Francisco agencies. Several of the Eastern offices, duly appreciating this fact, have recently made the jurisdiction of their general agents in this field co-territorial with the jurisdiction of the Pacific Insurance Union. Doubtless all the other offices would follow their example under proper representations as to the service of such a change to the Union.

### The Westchester Fire Insurance Co.

We print elsewhere the fiftieth annual statement of the Westchester Fire of New York. The showing is a creditable one, for marked gains were made in assets, surplus and premiums, and the loss ratio was the moderate one of 53 per cent. The chief figures of the report for the year ending December 31, 1886, are: assets, \$1,304,127, a gain of \$161,559; net surplus, \$310,511, a gain of \$84,306; surplus to policyholders, \$610,511; premiums, \$899,760, an increase of \$152,857, or over 20 per cent. The total income closely approached a million, and was \$132,524 in excess of all expenditures for 1886. We note that over one-fourth of the assets of the company are invested in United States bonds, and the remainder is invested in high class railroad securities, loans on collaterals, etc.

In this field the Westchester is represented by A. C. Donnell & Co., at 318 California street, who secured for the company a neat and profitable business last year. We may remark, incidentally, that their agency ranks seventh in a list of forty-three agencies, in the volume of city premiums.

The Buffalo Board of Underwriters has prohibited smoking in newspaper offices, under penalty of a reclassification as extra-hazardous. There is usually much paper rubbish in all printing offices, and it is a source of danger; but we do not imagine that the editorial staff will deny themselves the comforting pipe or the soothing cigar.

### Franklin Fire Insurance Company.

Prominent among the old-established companies is the Franklin Fire of Philadelphia, which was organized in 1829. The indemnity it offers is \$3,177,106 assets, and the handsome net surplus of \$967,847. Its \$400,000 capital makes its surplus to policyholders \$1,367,847. The insurance reserve of the Franklin is \$1,773,467. The several millions of assets are invested in first mortgages on Philadelphia real estate, and in first-class bonds and stocks, or in loans thereon as collateral security. The company's indemnity is of the highest grade.

Gains were made last year in assets surplus, premiums, and interest; and a low loss ratio (49 per cent.) and the payment of extra dividends present still further evidence of the growth and prosperity of the Franklin. The premium income was \$498,166, and the total income \$640,607. The dividends were \$99,968, and the total expenditures \$575,939.

The Franklin has been operating in this field with profit for the past two years, with Ed. E. Potter as manager.

### How They Rank.

Of the California companies, the Anglo-Nevada leads in capital and assets; the Firemans Fund leads in income, premiums, net surplus, and Coast business; the Home Mutual leads in the book value of its stock, ranks first in California business, and ranks second in Coast business; the State Investment leads in San Francisco premiums, and in the amounts written in California and on the Coast; the California is the oldest, has the lowest expense ratio, and is third in net surplus.

Of the other-State companies operating in this field the *Ætna* takes first rank in capital, assets, surplus, and city premiums; the Phenix of Brooklyn stands at the head in California premiums, Coast premiums, and total premiums; and in amount written on the Coast the Hartford leads.

The Liverpool and London and Globe, exceeds all other foreign companies in city, State and Coast premiums and amounts

written. The Commercial Union ranks next.

Taking all the companies operating in this field, the Liverpool and London and Globe ranks first in assets, surplus, total premium income, and San Francisco premiums; the Guardian has the largest cash capital; the Phenix of Brooklyn has the largest American premium income, and is close to the Liverpool and London and Globe in volume of fire and marine premiums; the Firemans Fund ranks first in Pacific Coast premiums; the Home Mutual ranks first in California premiums and second in Coast premiums, the State Investment leads in amounts written in California and on the Coast, and is second in San Francisco premiums.

### Dividends or Life Insurance.

The following article from *The Review*, of New York, was the last written by the insurance editor, Mr. Frank Ballard, who died last month:

There still exists an inclination among life insurance agents to make the question of dividends one of prime importance. In using the dividend question as an argument, it is evident that to make it attractive the agent must hold forth the inducement that the company he represents will be able to do more for the insured than any other. Let us see how much possibility there is of such a claim being reliable.

In reasoning upon this subject, the important element of time must be taken into account. The experiences of a few years are of no value. We must take a long series of years, extending over nearly an entire generation. Dividends or surplus returns are created chiefly from three sources—a rate of interest beyond the legal requirement, a mortality smaller than that provided for in the table, and an expense ratio less than was calculated upon in fixing the premium.

As to the interest rate, there is scarcely any difference in the opportunity possessed by one company over another, so long as they are restricted to safe investments, and the result attained is no more profitable

than it would be to the outside capitalist following the same line. The results then will be about equal in all cases, and certainly no difference will occur of so marked a nature as to make any appreciable differences when divided up among thousands of policyholders. As for the saving derived from gain in mortality, it is an open question whether this should be treated as divisible surplus at all. The selection of lives is carried on with about the same degree of care in all companies, consequently they stand on the same footing. The effect of this care in selection extends over only a few years at the most. It is certain that all of these lives must die at some time, and if the mortality in early years is less than was anticipated, the natural deduction is that it will be greater in the years to come; consequently it is scarcely the part of wisdom to divide up what will be needed in the future. If the surplus from this source is to be divided at all, it should only be after a sufficiently long term of years have been passed to base a safe average upon. In no case is it advisable or safe to divide such surplus from year to year, as is sometimes done.

The expense ratio, however, is one that is possibly open to the most argument, as between two companies the one long established and the other just beginning business; it is apparent that the expenses of the latter will be relatively much larger than that of the former. However, all the companies in existence at the present day are sufficiently old to have become established, so that this element of disparity cannot be said to exist between them. The expense ratio, therefore, when fairly considered, will be found to be very nearly the same in all of them.

As for the element of competition, it may tend to raise the expense ratio in all of them, but hardly more in one case than in another. It will be seen, then, that in all the sources from which dividends are derived there is no advantage to be gained by one company more than is open to another. This would result in about the same relative gain to each yearly, and its equitable division give the same result to the policy-holder, in whatever com-

pany he might be placed. In the division of such surplus the aim is to give each member his proportionate share of what is due him. In doing this it makes little difference whether the dividend be in cash or reversions, annual or quinquennial, present or deferred, the result is the same in equity.

It must be remembered that no estimate can be based upon the result of a single year or even a few in succession. If comparisons must be made, they must embrace a sufficiently long term of years to give an average that will be equally fair to all, and this is scarcely within the province of the life agent.

Enough has been shown in this matter to indicate pretty clearly that dividends as a source of attraction to the policyholder should not be brought forward as an argument of the greater dividend-paying ability of one company over another, for unquestionably it does not exist. True, some forms of policies will give better dividend returns than others, but the net return on each dollar invested by the policyholder is about the same in all cases. Thus, a 20-year payment life policy will return much larger dividends than one where the payments continue through life; but the former becomes paid up at the end of twenty years and its dividend-paying powers then become reduced to a minimum. Taking this fact into consideration, it will be seen that the net return is about the same in both cases, and the only difference is in the number of years needed to reach the same result.

Life insurance should be placed before the public on its own merits alone, and not in the light of any prospective gain to the individual himself, except on those plans which comprise the investment principle. Certainly the dividend question, which is an uncertain one in all companies, and which depends largely upon circumstances which cannot be foreseen, should not be brought forward as an attraction. The agent in using it as such is apt to make it rose-colored, and if his promises be not realized, the effect will be to create dissatisfaction in the mind of the policy-holder, and create a feeling of discontent with the

company, as if it had somehow cheated him in the matter.

Life insurance is strong enough to win on its own merits. The man who is induced to insure because he is convinced that he needs insurance as a protection to his family, is much more likely to keep his contract while he lives than he who is persuaded to insure in the prospect of big dividends and is subsequently disappointed therein.

### "It's Nonsense, You Know."

At a recent banquet by the Life Insurance Association of New York a Mr. Dyer responded to the toast, "The Poetry of Life Insurance," in the following lines, which we reprint from the *Chronicle's* report of the festive occasion:

Please list to my muse, tho' it limps as it sings  
Of nonsense, you know, some nonsense, you know;

And endeavors to tell you of evident things  
That are nonsense, pure nonsense, you know.  
Things which we permit or we do and are rife,  
The outcome of greed and its wild, senseless strife,  
Which bring but dishonor to our business life,  
Such things are but nonsense, you know.

And first there's the thing we all of us hate,  
It's nonsense, you know, clear nonsense, you know;

It's familiar to all, its name is rebate,  
And that's nonsense, sheer nonsense, you know.  
By its merit and value to gutters are tossed  
In an unseemly scramble to lower the cost,  
In which manhood as well as the profit is lost,  
And that's nonsense, rank nonsense, you know.

It's a practice of some to denounce all the rest,  
That's nonsense, you know, crude nonsense, you know;

To prove others worthless and their own the best,  
And that's nonsense, weak nonsense, you know.  
With misleading ratios, whose truths only tell  
How figures may lie and men honor will sell  
For a mess of poor pottage or birthright in—well,  
Such practice is nonsense, you know.

It's a very vile bird that befouls its own nest,  
That's nonsense, you know, vile nonsense, you know;

That's just what one does when he slanders the rest,

And that's nonsense, just nonsense, you know.  
Who slanders his rival stains not him alone,  
The filth he would throw is not all of it thrown,  
Part sticks on, part spatters—he blackens his own,  
And that's nonsense, nude nonsense, you know.

To urge men to drop the insurance they've got  
Is nonsense, you know, flat nonsense, you know;  
Not to urge men to keep the insurance they've bought

Is nonsense, weak nonsense, you know.

If to build yourselves up you first must undo  
The work done by others your own act proves you  
An incompetent sneak, a human cuckoo,

And that's nonsense,——nonsense, you know.

To add wrong to wrong makes neither one right,  
It's nonsense, you know, only nonsense, you know;

We will never bring peace by keeping the fight,

That's nonsense, thin nonsense, you know.

But here banded together in honor and peace,

Lets see to it that these vile practices cease,

Then will business with honor and profit increase,

No nonsense about that, you know.

### Reinsurance of Marine Risks.

The *Liverpool Journal of Commerce* of recent date says: We were asked a few days ago to express an opinion on the following query on the law of marine insurance:—"If I instruct a broker to insure my ship, and in due course he takes out a policy, and then reinsures the risk with another underwriter, and this latter compromises with his creditors, am I bound to accept a dividend out of the estate should the reinsurer be made bankrupt, or am I bound to accept a percentage in the pound sterling if I did not authorize the broker to reinsure on my account?" We deferred responding to this communication, and set it aside for mature consideration, but had no doubt about the proper reply to be given. We have not the slightest hesitation in saying that a broker has no right to cancel a policy with one insurer, to transfer it to another, without the consent of his principal, unless he has reason to believe that the underwriter is insolvent. But even in this latter case we think it would be his duty to disclose the fact to the insured and to seek his instructions. The House of Lords, in *Kenos Wickham*, July 16, 1867, held that when a policy has been signed, sealed, and delivered, it is binding, though not in conformity with the slip, and the broker has no authority to cancel the same; and a policy, even if left in the possession of an underwriter or insurance company, is valid. The highest court in the United Kingdom having come to

that conclusion, we should hold that judgment to be conclusive in the case set before us. We are strongly of opinion that a broker could not lawfully transfer a policy from one underwriter to another and at the same time relieve the original insurer from his liability to the insured. That being so, our correspondent can look to the first underwriter for indemnification should there be a loss under the policy. The contract of reinsurance has nothing whatever to do with the insurer, and he has no claim on the second policy.

### The Iron-Safe Attached Clause.

#### NOT A PART OF THE CONTRACT.

In Texas and other Southern States, the assured is required to keep his books and papers in an iron safe. The clause to this effect is not incorporated in the policy, but is a printed "paster" attached to it. A Texas court has just decided, in *Goddard v. East Tennessee Fire Ins. Co.*, that this is not sufficient to constitute a warranty, the slip not being a part of the contract, nor referred to in it. The Court said:

"If there had been neither fraud on the part of Goddard, nor loss to the company by reason of his non-compliance with the said iron safe clause, it cannot be said that it was material to the risk, and the policy is not avoided, unless the provisions of the clause constitute a warranty. If they did, the law exacts a compliance with their terms, according to their true intent and meaning, whether material or not, or whether known to the assured or not, if he had the opportunity, and it was his duty under the circumstances to acquaint himself with them.

"It is a cardinal principle of insurance law, that in order to constitute any statement or promise of the assured a warranty, it must be made part of the policy, either by appearing in the body of the instrument or by a proper reference in the policy to some other paper in which it is to be found. The policy is the contract, and if outside papers are to be imported into it, this must be done in so clear a manner as to leave no doubt of the intention of the parties.

"The clause which the appellee seeks in

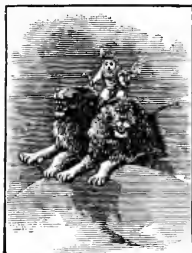
this case to have construed as a part of the policy, is not written or printed upon the same paper with the rest of that instrument, nor was it referred to in the policy as forming a part of the contract between the appellant and the insurance company. It is clear, therefore, that its conditions cannot be considered as entering into that contract, if it is to be considered as a separate and detached paper.

"A clear distinction exists between statements and promises written in the policy itself, though upon the margin, and those detached from it, or contained in a separate piece of paper and made to adhere to the policy. In the former case they are warranties, in the latter they are at best no more than representations. If underwriters do not embody their warranties in the policy itself, or import them into that instrument by a proper reference to other papers in which they are contained, and the contract is capable of an interpretation which will make them mere representations, they must expect that it will be so construed."

### Noble Knights of Honor.

Adam Macht was a member of a Knights of Honor lodge, and held a certificate of so-called insurance in the order for \$1,000. The designated beneficiary died, and Macht, by will, left all his property (including this "insurance") to his step-daughter, and the only survivor of his immediate family, Magdalena Keppler. He also informed the lodge secretary of the contents of the will and delivered the certificate to him (the secretary) in order that the name of the beneficiary might be changed. But the secretary somehow neglected to forward the certificate to the grand secretary, the assent of the latter, it seems, being necessary to effect the desired change. Macht—*Brother Macht*; for, mind you, this noble order is truly fraternal—died. Magdalena—step-niece to all the surviving brethren—applied to her corporate step-uncle for the thousand dollars. But she didn't get it. She had to go to law for it. And the defense of the noble order to her action was that, because of the fail-

# Statement of the Condition and Affairs of the



# TRAVELERS'

## INSURANCE COMPANY

OF HARTFORD, CONN., ON THE 31ST DAY OF  
DECEMBER, A. D. 1886.

Amount of Capital Stock paid up in Cash, - \$600,000 00

### ASSETS.

Net Value of Real Estate owned by the Company.....	\$1,247,803 25
Amount of Loans secured by bond and mortgage on Real Estate and by pledge of Bonds, Stocks or other marketable securities as collateral ..	3,825 732 60
Cash Market Value of all Stocks and Bonds owned by the Company.....	3,131,896 93
Amount of Cash on hand in Company's Office and in Banks.....	577,582 87
Interest accrued but not due.....	83,419 52
Net Amount of Premiums in process of collection.....	182,015 11
Cash loans to Policy-Holders on this Company's policies assigned as collateral	63,129 40
<b>TOTAL ASSETS.....</b>	<b>\$9,111,589 68</b>

### LIABILITIES.

Claims for Death losses and matured endowments in process of adjustment or adjusted but not due.....	\$ 132,487 33
Claims resisted by the Company.....	114,700 00
Net present Value of all the outstanding policies, computed according to the American Experience Tables of Mortality, with $4\frac{1}{2}$ per cent. interest....	5,527,367 00
Reserve on Accident Policies.....	682,457 68
Due and accrued for Salaries, Rent, etc.....	10,000 00
<b>TOTAL LIABILITIES.....</b>	<b>\$6,467,012 01</b>

### INCOME.

Cash received for Premiums on new Policies during the year.....	\$ 234,669 46
Cash received for renewal of Premiums during the year.....	748,687 56
Cash received for Accident Premiums.....	\$1,943,644 64
Cash received for Interest.....	434,263 09
Cash received for profits on Bonds and Stocks actually sold. ....	31,611 46
Rents received.....	83,035 86
<b>TOTAL INCOME.....</b>	<b>\$3,475,922 07</b>

### EXPENDITURES.

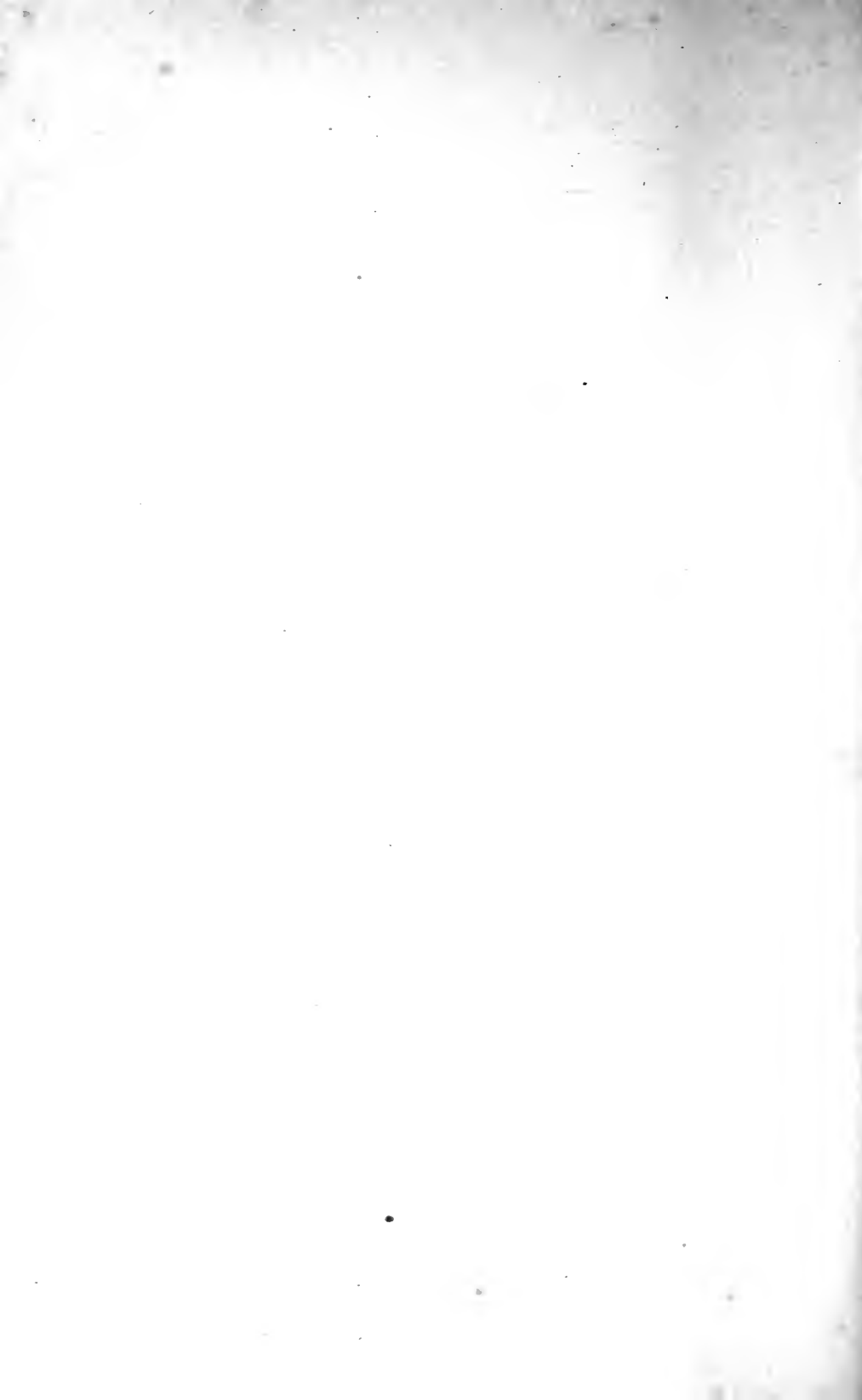
Cash paid for Losses and matured Endowments and Additions.....	\$1,258,637 69
Cash paid to Annuitants.....	150 00
Cash paid for surrendered Policies.....	58,256 85
Cash paid for Dividends to Stock-holders.....	84,000 00
Commission paid to Agents.....	625,413 38
Salaries and other Compensation of Officers, Employees and Medical Ex- aminers.....	289,409 94
Cash paid for Taxes.....	38,951 54
Cash paid for Rents.....	27,636 25
Cash paid for Furniture and Fixtures.....	2,440 31
Cash paid for Advertising and all other Payments and Expenditures.....	196,450 35
<b>TOTAL EXPENDITURES DURING THE YEAR.....</b>	<b>\$2,581,346 31</b>

J. G. BATTERSON, *President.*      RODNEY DENNIS, *Sec'y.*

WALTER W. HASKELL,

*General Agent for Pacific Coast.*

242 Montgomery Street, corner Pine, - - San Francisco.



nre to put her name in as beneficiary—not Macht's failure, but the secretary's—the money, designed and by the late brother's will set apart for her benefit, must, according to a rule of the order, be confiscated and go into the common pot of the general widows' and orphans' fund. Judge Barnard overruled this iniquitous defense and gave judgment for the plaintiff. And now we see by the *Reporter* that the "supreme dictator"—good title that for the chief of a brotherhood!—"claims that the decision of the judge is clearly wrong and has instructed the attorneys for the Supreme Lodge to carry the case to a higher court, being confident that the decision will be reversed." Just so. This truly noble and fraternal order is bound to fight the step-daughter and legatee of its dearly beloved and now departed brother, Macht, all the way through to a final decision in the court of last resort, and keep her out of her thousand dollars as long as possible, just as though she were trying to swindle the order. There is no pretense of any other lawful claimant to the money. That Macht had been a member of the order for many years and had faithfully discharged his duties as such, and was in good standing at the time of his death, is not denied. That he wanted Magdalena to have the money is doubly attested, both by his last will and testament and by the delivery of the benefit certificate to the lodge secretary for the express purpose of having her name substituted as beneficiary. He did all that he could in that regard, and died in the full belief that the noble and fraternal order would discharge the sacred trust confided to it. But the lodge secretary neglected his duty, and the noble and fraternal order tells Magdalena Keppler that her thousand dollars has been nobly and fraternally confiscated! Well, in two or three years more, if she lives and the noble and fraternal order lives, when the case has gone through the Court of Appeals, she will get her money.—*Insurance, N. Y.*

The New York life agents have a new idea, whereby they will effectually dispose of the rebate question. We have heard something like this before.

### Seasons.

A PAPER BY H. S. SMITH, READ BEFORE THE ASSOCIATION OF MARINE UNDERWRITERS OF SAN FRANCISCO.

Perhaps amongst the multitudinous considerations which the truly cautious underwriter should regard and estimate at its true weight in accepting risks, there is nothing more material to the hazard than the wind, its force, direction, and duration at all seasons and in all parts of the world; and whether the venture which he covers is conveyed by one of the modern steam giants that of late years carry a large portion of this world's goods from port to port, or whether it is conveyed by one of the now almost obsolete old "wind-jammers" that were built with our fathers: this all important element is still a prominent factor in sifting the probabilities of loss or gain. And although this wind hazard is one against which no human effort nor foresight can absolutely guard, yet underwriters in various parts of the world have attempted to minimize their liability therefrom by warranties in their several policies prohibiting the use of certain ports and places during stipulated seasons. These warranties are, no doubt, the result of many years experience in the localities referred to, and, comprehensive as they are, the object aimed at is not always secured, as "off seasons" will occasionally occur; and we know from our experience on this Coast that no restriction of date has proved strict enough to avert severe losses during periods outside the restricted dates.

However, experienced underwriters have prescribed certain seasons in various parts of the world, which are supposed, in a general way, to cover the dates during which there is the greatest probability of storms occurring. These dates are perhaps in some quarters of the globe more reliable than in others, and there are also many local "zephyrs" of great devastating power frequenting the vicinity of ports of extensive commerce at seasons not covered by the restrictions for the same latitudes, and which can only be heard of from those personally

familiar with the countries which they visit.

The following are amongst the more generally experienced storms which are known to mariners and others under distinctive titles, viz.: the "Typhoons" of Chinese and Eastern Asia seas; the "Monsoon" of the Indian Ocean, its tributaries, and Central Pacific Ocean; the "Hurricanes" of the South Pacific and the West Indies; the "Brickfielders" or "Southerly Busters" of the Australian Coasts; the "Pamperos" of the Southwest Atlantic; the "Northers" of the Southeast Pacific; the "Sirocco" of the Red Sea and northeast coasts of Africa; the "White Squall" of the Mediterranean; the "Coronazo" of the Western Mexican Coasts and Gulf of California; and numerous others, not to mention the "Cyclone" of all seas and latitudes or the general cussedness of the Cape Horn and Bay of Biscay waters.

These big blows are, I believe, most generally to be met with in the seas mentioned, although they do not confine their operations exclusively thereto and often are experienced very far from their home quarters; and although, as before stated, the period of their occurrence in some latitudes can be tolerably well defined, yet in others nature demonstrates her proverbial fickleness. Now, as this matter is of vital importance to underwriters, it would perhaps be as well to impress upon his mind the dates given as "out of season" in "Owen's Marine Notes and Clauses," as follows:

Canada, 1st August to 1st April.

United States, 1st October to 1st April.

Gulf of Mexico, 1st August to 12th January.

West Indies, 1st August to 12th January.

North Pacific, 1st October to 1st April.

South Pacific (via Horn), 1st May to October.

China and Japan, 20th April to 20th October.

West Coast Africa, June to September.

France and Flanders, 1st October to 1st April.

White Sea, 1st August to 1st May.

Australia and New Zealand, April to October.

Cape of Good Hope, 15th May to 15th September.

India (Malabar Coast, S. W. Monsoon), 20th April to 20th October.

India (Caromandel Coast), October to January and 16th April to 16th June.

India (Calcutta), 20th April to 20th October.

Rice Ports, 1st April to 1st October.

Mauritius (Hurricanes), 31st January to 31st March.

Black and Azov Seas, 1st August to 1st April.

North Sea, 1st October to 1st April.

Baltic, 1st August to 1st April.

Now, if anything like a faithful adherence to these dates was observed, it would almost appear impossible to do any business at all except in a very prescribed field; but these dates must have been fixed with a view of only a *very general* application, and some of the localities mentioned cover such an immensity of ocean as to be somewhat misleading. For instance, "United States, 1st October to 1st April," is far too comprehensive a heading, as we all know that an Atlantic restriction would be absurd when applied to the Pacific, and *vice versa*. Then, according to this schedule, the South Pacific would be *in season* during December and April, which is the very season the most destructive storms occur; and then again, I would submit, a restriction of Canadian waters commencing 1st of August is entirely "too previous." I have not been enabled to find a policy warranty which restricts before October 1st, except an old eastern policy of 1860, which prohibits the use of these waters after August 15th. I would also be inclined to think that March 31st is too early a date to close the hurricane season in the vicinity of Mauritius. No less than nine vessels put into that island this past May more or less disabled in a hurricane of that date.

Lloyds' policy clause covers a good deal of the ground in a fairly liberal spirit, and, if brevity is a merit, certainly "fills the bill" in that respect. The clause is as follows, viz.: "Warranted not to sail from the Baltic, White, or Black Seas, or British North America, between 1st October and

1st of April; nor from West Indies or Gulf of Mexico between 1st of August and 12th of January; nor to sail to the Baltic before the 20th day of March nor after the 10th of September, and not to go to the Azores." But even in this it would appear that an element of vagueness exists regarding the restriction, "not to sail to the Baltic before the 20th of March," and some definition as to the location of the port of departure is necessary; and in nearly all the clauses in general use referring to the subject the same vagueness is apparent.

Before leaving the subject of policy restrictions, I would like to quote a clause taken from a Canton insurance company's policy, which, apart from its uniqueness, shows that those who are established considerably nearer the Bay of Bengal than ourselves hold very decided views regarding the hazard attending the seasons in those waters. The clause reads:

"An exception is hereby declared against all risks from storms or gales of wind on the coast of Coromandel, from Point Palmiras to Ceylon, and within soundings, between 15th October and 15th December, inclusive, which are to be borne by the assured and not by the assurers, anything hereinbefore contained to the contrary notwithstanding."

Now, as the restrictions embraced by Lloyd's warranty are viewed from an Atlantic point of view, and are perhaps not of much vital importance to Pacific Coast underwriters as those bearing more particularly upon the seas more immediately connected with us, I would venture to add (subject to the revision of the Association, and which is solicited), in the way of a supplement to Owen's "Out of Season" list, the following:

Alaska Coast and North Pacific Ocean, north of say 56 degrees, September 1st to June 1st.

Mexican and Central American Ports, July 1st to October 31st.

South Sea Islands, including Hawaiian groups, December 1st to March 31st.

New Zealand, June 1st to November 1st.

West coast of South America, May 1st to October 1st.

Australia, except Torres Straits and vicinity, June 1st to November 1st.

Australia (Northern) and Torres Straits (monsoon season), January 1st to March 1st.

East coast South America, September 1st to December 1st.

China and Japan, August 1st to December 1st.

Malay and Archipelago, August 1st to November 1st, and April 1st to May 31st.

Pacific Coast ports (coasts California and Oregon) November 1st to May 1st.

I think these dates embrace the worst seasons, as a general rule, in the localities mentioned, and, I would respectfully submit, should be of sufficient importance to be so impressed upon our memories that they would constitute a feature in estimating the full nature of the hazard assumed; and although I am aware that, "in these degenerate days," an underwriter is rather prone to lightly regard considerations of seasons when a risk on a good vessel and at round rates is offered; yet if the rather superficial remarks made herein should be of any assistance in more fully determining the extent of the risk undertaken, my efforts will not have been entirely futile.

#### Pacific Insurance Union Election.

The fourth annual meeting of the Pacific Insurance Union was held on May 6. After a routine business was transacted, the election of officers followed, for the ensuing year, to wit: A. E. Magill, President; H. R. Mann, Vice-President; C. F. Mullins, Auditor; Chas. D. Haven, Secretary and Treasurer. On account of the resignation of George Mel and A. D. Smith, there were six new members of the Executive Committee to elect. I. Gutte was the only hold-over member. The election resulted in the selection of only three of the six required. These were George W. Spencer, Charles R. Story, and W. P. Jones. The remaining three are to be elected at a called meeting, to be held on Tuesday, the 10th inst.

Charles R. Story, the retiring President, has served for the past three years, or since the organization of the Union.

He has given his services and time freely, and has certainly contributed largely to the success of the compact. The new President, Capt. Magill, has served for the past two years as Vice-President of the Union, and was Chairman of the Executive Committee four consecutive terms. Mr. Haven, re-elected Secretary, has served the Union in that capacity since its organization.

#### Manhattan Life.

The Manhattan Life Insurance Co. of New York shared largely in the general prosperity last year, and added to its assets and surplus. On December 31st the company had \$36,251,889 of insurance in force. Six millions of new insurance were written during the year. There was received from policyholders \$1,141,837, and a greater sum (\$1,227,567) was returned to the policyholders. What have you to say to that, Mr. Co-operative? The Manhattan did a large business, last year, on this Coast, where the company is represented by General Agent John Landers. In California alone, \$110,000 was paid by the company, in death claims and endowments. The Manhattan is a strong, conservative company, of thirty-seven years' experience. Its present assets of \$11,310,958, added to the \$24,852,061 paid to policyholders, leaves the very creditable sum of \$4,915,607 as the excess of payments to and funds held in trust for policyholders over the premiums paid by policyholders. The policies of the Manhattan are non-forfeitable, the surrender values are fixed when the policy is issued, the dividends are annual, and the security is unexcelled.

The *Weekly Underwriter* prints tables of fire premiums and losses in the Pacific Coast States and Territories outside of California, last year, as reported by the companies. A good many must fail to report, according to the totals. For example, Arizona loss foots up \$68,483, against \$141,199 reported to the COAST REVIEW. Nevada is credited with \$27,635 losses; our figures, which are certainly the minimum, are \$58,864. The Oregon losses, as reported to the *Underwriter*, were \$166,800, and as reported to the REVIEW, \$222,143. Our

enterprising contemporary gives the Washington Territory losses as \$86,279, but \$164,587 were reported to us. The *Underwriters'* special tables by States and Territories would not be so misleading, as respects totals, if the number of companies, failing to report was given.

#### Assessment Life Insurance.

THE AVERAGE AGE AND THE AVERAGE COST WILL INCREASE.

Part of the following article has already appeared in these columns, nearly two years ago, but the argument is so lucid and the figures are so convincing that we deem its republication useful and timely:

The advocates of assessment insurance insist that they can keep the assessments from increasing by keeping the average age of members from increasing by the admission of new and young members. This is so transparent an error as scarcely to merit notice, but one example will show the impossibility of preventing the increase of the average age. Take a society with 8,182 members whose average age is 35. The total years of age is  $8,182 \times 35 = 286,370$  years. The deaths for ten years (according to the mortality table) will be as follows: 1st year, 73; 2d, 74; 3d, 74; 4th, 75; 5th, 76; 6th, 76; 7th, 77; 8th, 78; 9th, 80; 10th, 81; total, 765.

At end of tenth year they have 7,417 members, age 45—

7,417 x 45 — .....	333,765 years.
Add 765 new members at age 35 .....	26,775 "

And you have 8,182 members, 360,540 years whose age is  $44\frac{6}{11}$  years, an increase of 9.06 years. If you add 765 members at age 20, the average age is  $42\frac{2}{3}$  years; an increase of  $7\frac{2}{3}$  years.

The Average Age will Increase;  
The young and healthy will drop when they begin to see what they are paying for the old members who are dying. It is impossible to keep the average age at 35. The co-operative men assert that insurance with them cannot cost more than \$8 to \$12 per \$1,000. To show the falsity of this, take a society with 10,000 members, aged 35, insured for \$1,000 each. Here is a liability of \$10,000,000! The expectation of life at

age 35 is  $31\frac{7}{10}$  years, say 32 years. This \$10,000,000 must, therefore, be paid in 32 years. Ten thousand members paying as much as \$12 a year for 32 years will pay only \$3,840,000, or \$6,160,000 less than the liability. Now if the members cannot be required to pay more than \$12 per annum, how is the deficit of \$6,160,000 to be made up? If they pay only \$12 a year, how long will it require to pay the \$10,000,000? Answer: 83 years. This would require that they attain the average age of 118 years, or 51 years over the expectation, according to the table of mortality.

#### Actual Net Cost of Insurance.

While the net cost of \$1,000 insurance, at age 35, is only \$9, the cost rapidly increases to \$11 at age 45, \$18 at age 55, \$40 at age 65, \$62 at age 70, \$145 at age 80, \$415 at age 90, and \$1,000 at age 95. These facts illustrate, among other things, the greater advantages of an average or level premium, which is never excessive, and which prevents the policyholder from being forced to abandon his insurance without any return for premiums paid when overtaken by old age, as, at best, policies on the assessment plan have no value for surrender. By the "Level Premium" plan, owing to increasing dividends, the tendency of insurance is to become less costly with advancing age and inability to pay; whereas, with the "Assessment" plan, the cost increases in proportion as the ability to pay diminishes.

#### Fire Hazards of the Orient.

A representative of the COAST REVIEW found Geo. C. Pratt at leisure, the other day, and thereupon interviewed him as to the fire hazards of the Orient. It will be remembered that Mr. Pratt recently returned from a trip to Japan and China, whither he had gone to plant agencies for the California and the Union of New Zealand. Following we give the substance of Mr. Pratt's interesting talk, pretty much in his own language:

The principal ports of entry in the Orient may be considered more in the light of vast depots for the storage of the products of the world, rather than simply places of trade,

for it is at these points that are collected and again distributed the different manufactured goods of England, Germany, France, and to a very limited extent that of the United States, and relatively in the order named. All of these nations, with one exception, subsidize and support liberally direct lines of steamships. The shipping interests of both Hongkong and Shanghai are simply enormous, and beside the national lines are numerous ocean tramps and private corporations owning fine steamers with plenty of occupation for them. The wholesale merchants exceed in number the retail stores or shopkeepers, as they are called—and one might look in vain for the salesroom of the wholesaler and not find a single article exposed for sale. Their stocks, however, are all stored in their godowns, which is the term applied to a warehouse, and if you visit either the private godown, or the Cowloon Godown Company, limited, you would find stored therein millions of dollars' worth of merchandise.

Both the Chinese and Japanese use almost exclusively kerosene as an illuminant, and this article, as well as flour, is supplied by America. The former is never shipped to these countries except in cases containing so many tins, and the fire test is required to be 115°. It is not an unusual thing for a kerosene godown to have on storage a million and a half tins of this inflammable stuff. The government wisely provides that the kerosene godowns shall be erected in a quarter of the settlement distant and apart from surrounding exposures. They are constructed of brick and stone with tiled roofs, under stipulated restrictions and government supervision, as to ventilation, sliding iron shutters, etc.

Each can of oil is subject to inspection, and if any defect or leakage is discovered, it is sent to the soldering department for repair. This is the principal hazard in connection with the risk, and for that reason every precaution is taken to insure safety by having the soldering done in a space surrounded by brick walls and removed a sufficient distance to preclude any danger from atmospheric contact or running fires.

All policies in the East are issued under average conditions, and merchandise protected by insurance is kept covered close to its represented value. In no other part of the world is the business of indemnity against loss by fire more respected, nor where its necessities are greater. Capital could not be invested with safety to any such extent as it now is were it not for the benefits of insurance, and the companies are not imposed upon by the enactment of unjust and discriminating laws, nor are they the target of unscrupulous and designing legislators.

### Transcontinental Feline.

The Transcontinental, a new fire insurance company at Mandan, Dakota, sends us its circular. It claims \$100,000 cash capital, and refers us to the Mandan bank. Having no faith in any Dakota company, we are not favorably impressed by either the alleged capital or the solitary reference of the Transcontinental. For the present the Mandan company must be included in the COAST REVIEW's list of wildcats, along with the unfragrant State Insurance Company of Salem, Or. It is doubtful if the author of the following letter is an officer or stockholder of the new company:

EDITOR COAST REVIEW—Inclosed please find a ready made statement of the Transcontinental Insurance Company of Mandan, Dakota. This is a first-class company, offering its patrons absolute indemnity. It has as much as two thousand dollars paid in; the balance is nicely drawn and written mortgages of fine paper of superior quality, purporting to be upon land. Dakota land is a good investment for people to loan money upon, as it is worth two dollars per acre, and the Transcontinental holds mortgages for \$80,000 on 500 acres of this valuable land. They are going to be conservative; they will not do any Dakota business until they get the confidence of the Dakota people. Messrs. Runck & Company of Newport, Kentucky, are going to give them \$10,000 per month; therefore they are going to do well, and show the Dakotans that they can live without home patronage. There are none of its officers who can write a policy except one who is a local agent of a whole year's experience; therefore they got a young man from Chicago to go to Mandan and show them what to do, and tell them what they need. They will not pay any losses the first year, to see if it is going to pay them or not to do so. J. R. W.

### Co-operatives "in a Decline."

Forty-seven of the co-operatives reporting to the New York Insurance Department show a falling off in membership, the decline varying from tens to thousands. The Knights of Pythias lost again, as usual. From a membership of 26,977 in 1883, this society has descended to 16,278 for the year ending December 31, 1886. In 1885 it lost 9,338 members. The Home Provident Safety Fund, represented in San Francisco, lost one-fifteenth of its membership. The Masonic Guild and Mutual Benefit, Mutual Union, New York National, Owego Mutual and Workingmen's, each lost one-half, and others incurred losses in membership as follows: Union Mutual of Avoca, from 2,002 to 525; Southern Tier, Masonic, from 3,325 to 2,714; Peoples' Benefit, from 1,648 to 1,276; New York State, from 1,640 to 1,415; New England Relief, from 3,856 to 3,481; New England Mutual Aid, from 3,356 to 2,108; and the Woman's Mutual, from 1,820 to 1,645. The last named, the Woman's Mutual Insurance and Accident Company of America, of which Elizabeth Phelps is President, was organized in 1883, with a noisy flourish of advertising trumpets. There was good excuse for its creation, for the women could not easily get insurance any where else. It deserves to succeed, and has the generous sympathies of the COAST REVIEW; but its early decline is sadly prophetic of the death which all co-operatives die. Ninety-three of the Woman's policies became claims last year, on which an average of \$113.10 was paid. Other larger and older co-operatives did not do any better than Elizabeth's, and some of them not so well. The Ancient Order of United Workmen, Grand Legion, Select Knights, paid less than the \$1,000 per certificate which they agree to pay.

We observe, in looking over the reports, that the younger companies gained in members, while the older companies lost. This is a significant fact. Increasing assessments in the older hat-passers drive the younger and healthier members out, and they flock to the newer hat-passers, which levy fewer assessments. No other good

reason can be offered in explanation of the uniform losses in the membership of the old hat-passers.

### Magdeburg Fire Insurance Company.

This famous German company recently entered this State and appointed Gutte & Frank its general agents. So little is known of the new-comer that special interest will be taken in the statement printed elsewhere and dissected as follows: The cash capital of the Magdeburg is \$750,000, but there is, besides, \$3,000,000 guaranteed capital, which, under our law, does not figure in the assets. This guaranteed capital consists of the personal notes of the wealthy stockholders of the company, endorsed by two property-holders who are not stockholders. These notes are payable on demand, and are accepted and retained only when the endorsements are perfectly satisfactory. It will be seen from this fact that the extra \$3,000,000 of guaranteed capital may properly be considered a part of the capital and assets. The assets are \$6,479,320, and the net surplus is the handsome and satisfactory sum of \$939,888. The company reports 17,648,788 marks in premiums, of which the company retained 9,924,922 marks. This means a premium income of \$2,481,230 for 1886. The losses were \$1,654,133. The year's business "panned out" \$342,083 profit. Since organized in 1845 the Magdeburg has received \$96,976,988 premiums and retained \$56,401,467 thereof, the remainder being reinsured. The net profit has been \$6,801,639. The dividends have aggregated \$1,352 per share.

We may remark, *en passant*, that the enterprising general agency of Messrs. Gutte & Frank now represent seven representative fire and marine companies, to-wit, the Magdeburg, which we have just discussed, the Germania of New York, the Hamburg-Magdeburg of Hamburg, the Magdeburg General of Magdeburg, the National of London, the Merchants Mutual of Baltimore, the Franco-Hungarian of Budapest, Austria—the first three, fire, the last four, marine—two American, one English, and

four German, and all affording security ranging from excellent to super-excellent. The general agency of these gentlemen experienced the lowest loss ratio (24.8 per cent.) of all the San Francisco general agencies last year.

### Foreign Companies' Figures.

We take the following figures from the parent office statements of foreign fire companies, for the year ending December 31, 1886, as filed with the Commissioner of Insurance, and printed in the forthcoming COAST REVIEW CHART. The London, Northern, Queen, City of London, British America, Fire Insurance Association and Sun Fire Office will file only the United States branch statements, as the new law permits.

Companies.	Fire Assets.	Premiums.	Losses.	Ratio.
Atlas.....	\$1,744,311	\$631,104	\$392,103	62
Commercial Union....	7,360,907	4,828,564	3,102,484	64
Guardian.....	9,161,757	2,252,359	1,308,116	58
Hamburg-Bremen.....	1,492,891	510,953	257,396	50
Hamburg-Magdeburg.....	695,508	66,583	45,840	69
Helvetia.....	1,236,313	537,072	212,528	40
Imperial.....	9,658,479	3,678,544	2,266,134	61
Lancashire.....	3,588,079	2,903,894	1,843,118	63
Lion.....	1,255,948	897,045	548,461	61
Liverpool & London & Globe.....	16,967,765	6,447,972	3,422,671	53
London & Lancashire.....	3,262,591	2,413,075	1,496,437	62
London & Provincial.....	696,682	704,350	478,505	68
Magdeburg.....	3,479,320	2,481,231	1,654,135	63
Manchester.....	1,324,067	1,292,310	858,855	70
National, Ireland.....	1,451,877	838,480	560,065	66
New Zealand.....	2,662,648	1,086,714	666,965	61
Norwich Union.....	4,227,092	2,778,570	1,696,620	61
North British & Mercantile.....	13,857,217	5,713,650	3,206,764	56
North German.....	955,750	436,038	264,620	61
Phoenix.....	6,924,563	4,314,526	2,413,978	56
Prussian National.....	1,502,711	506,523	236,089	46
Royal.....	14,748,106	4,775,000	2,665,000	56
Scottish Union.....	2,837,348	1,122,990	626,563	56
South British.....	1,421,757	1,262,950	917,085	78
Svea.....	1,747,117	1,108,677	582,677	53
Transatlantic.....	1,251,296	519,335	336,137	65
Union N. Z.....	914,335	520,923	295,805	57
Western, Canada.....	1,359,755	1,366,893	879,461	64

The *Western Insurance Review* now prints a weekly edition, called the *Examiner*. Our congratulations, Mr. Aldrich.

W. P. Clirehugh, general manager of the Fire Insurance Association of London, handed in his resignation at the late general meeting, the resignation to take effect immediately.

## The Commission Question on the Coast.

The proposition to require a uniform rate of commission, payable by all the companies in this field, came up for discussion at a recent meeting of the Pacific Insurance Union, and was referred to a special committee. When the Union was organized concessions were made to certain offices which had made liberal commission contracts. They were allowed to continue these contracts, in the interests of harmony and to establish the needed compact; but a large number of our foremost underwriters believe that it is now time to enforce a uniform rate of commissions, and that no exceptions should be made of specified towns. The favored companies, it is urged, have the desired business on their books, and they should be able to retain it, or take even chances with less favored offices.

The rate objected to is doubtless too high, but the amendment, it seems to us, is inopportune. It will be admitted by all to be the probable source of a grave disturbance which may not be safely welcomed at this particular time. The general feeling is that any legislation on the commission question would be unwise at present. The failure of the Metropolitan Compact, while it has, to a perceptible degree, braced up our Pacific Coast underwriters, has also developed a cautious sentiment which opposes any hasty action or needless legislation. The offices all are doing well, and can afford to wait awhile before finally disposing of this question of uniform commissions.

In all underwriters' compacts there seems to be a strong and almost irresistible tendency toward excessive legislation. The axiom that the authority governs best which governs least is forgotten, and needless and vexatious restrictions grow out of individual whims or necessities. The proposed amendment to the Compact rules may be desirable and practicable, but of what use is additional and unpopular legislation when the Compact cannot enforce less rigid and more acceptable rules? It is well known that one or more offices are

evading the spirit, perhaps the letter, of the Compact regulations; and if these unfaithful offices cannot be persuaded or compelled to obey the rules, it is certainly folly to so amend the rules that other offices will rank themselves with the disobedient, and demonstrate that the Union is verily a rope of sand. For the present we counsel tolerance and patience.

## Premiums and Losses by States.

Following is a list of the premiums, losses and loss ratios by States and Territories. We cannot vouch for the accuracy of the table, for some of the figures were "specially reported to" our esteemed contemporaries, the *Spectator* and *Weekly Underwriter*, of New York:

Connecticut.....	\$1,904,110	\$802,581	42.2
Maine .....	1,092,549	1,188,039	101.2
Massachusetts....	5,678,582	2,528,093	44.5
Rhode Island.....	2,569,089	758,439	29.7
Vermont .....	357,587	195,603	54.8
Delaware.....	196,000	110,000	51.0
Maryland ....	1,519,742	1,312,387	86.2
New York.....	18,868,049	9,595,101	51.0
District Columbia	176,500	158,800	90.2
New Jersey.....	2,424,175	1,017,143	42.0
Virginia .....	967,465	487,272	50.3
West Virginia....	174,000	130,500	75.0
North Carolina...	469,658	558,000	111.9
South Carolina...	467,800	226,540	48.5
Georgia.....	1,280,498	500,333	39.1
Florida .....	274,682	145,594	52.8
Alabama.....	430,338	281,638	65.5
Mississippi .....	385,695	215,400	55.9
Louisiana.....	1,500,400	907,865	60.5
Texas .....	2,137,797	1,156,180	54.2
Michigan.....	3,227,741	2,016,647	62.6
Ohio.....	4,845,575	3,021,266	62.4
Kentucky.....	1,921,183	1,099,451	57.2
Tennessee .....	1,081,188	492,139	45.5
Indiana.....	2,418,962	1,305,887	54.2
Illinois.....	8,674,296	3,913,400	45.1
Wisconsin.....	2,802,603	1,363,867	48.7
Arkansas.....	355,491	248,769	75.7
Missouri.....	4,084,533	2,209,245	56.6
Kansas .....	2,875,523	920,460	32.0
Iowa.....	2,942,226	1,001,657	34.1
Nebraska.....	1,497,738	475,481	32.6
Minnesota.....	2,833,048	1,797,923	63.4
Dakota .....	1,456,050	468,590	32.2
Wyoming .....	86,675	42,705	45.9
Colorado.....	812,850	379,919	46.7
California.....	5,185,772	2,654,371	51.2
Pacific Coast (Cal. excepted) .....	1,958,793	992,256	50.9

STATEMENT OF THE CONDITION AND AFFAIRS  
OF THE  
**ANGLO-NEVADA**  
ASSURANCE CORPORATION

OF SAN FRANCISCO, ON THE 31ST DAY OF DECEMBER, A. D. 1886.

Amount of Capital Stock Paid-Up in Cash, - - \$2,000,000 00

**ASSETS.**

Loans on Bond and Mortgage.....	\$ 557,500 00
Cash Market value of all Stocks and Bonds owned by Company.....	62,500 00
Cash in Company's Office.....	3,873 85
Cash in Banks.....	1,542,703 50
Interest Due and Accrued on Bonds and Mortgages.....	13,388 41
Premiums in due course of Collection.....	60,545 40
<b>TOTAL ASSETS.....</b>	<b>\$2,249,508 16</b>

**LIABILITIES.**

Losses Adjusted and Unpaid.....	\$ 13,115 92
Losses in Process of Adjustment or in suspense.....	6,200 00
Gross premiums on fire risks running 1 year or less, \$200,000 31; reinsurance 50	130,031 15
"    "    "    more than 1 year, \$28,729 57; "    pro rata	23,165 59
"    "    Marine and Inland Navigation Risks, \$38,045 88; "    100	38,045 88
Commissions and Brokerage Due and to become Due.....	5,393 76
<b>TOTAL LIABILITIES.....</b>	<b>\$ 215,952 30</b>

**INCOME.**

Net Cash actually received for Fire Premiums.....	\$ 296,274 74
Net Cash actually received for Marine Premiums.....	76,444 65
Received for Interest on Bonds and Mortgages.....	20,289 15
Received for interest and Dividends on Bonds, Stocks, Loans and from all other sources.....	19,700 60
<b>TOTAL INCOME.....</b>	<b>\$ 412,709 14</b>

**EXPENDITURES.**

Net amount paid for Fire losses.....	\$ 79,724 95
Net amount paid for Marine losses.....	2,564 59
Paid or allowed for Commission or Brokerage.....	66,332 98
Paid for Salaries, fees and other charges, for officers, clerks, &c.....	28,900 00
Paid for State, National and local taxes.....	2,407 76
All other payments and expenditures.....	42,577 17
<b>TOTAL EXPENDITURES.....</b>	<b>\$ 223,107 45</b>

GEO. L. BRANDER, PRESIDENT,  
C. P. FARNFIELD, SECRETARY.

Office, 410 PINE STREET, SAN FRANCISCO.



### Metropolitan Compact.

The death of the Metropolitan Compact of New York was only a question of a brief time, for any association whose tenure depended upon a unanimous membership could not long survive under the most favorable circumstances possible. Some dissatisfied or mulish member, or one ambitious for fame as the man who fired the Ephesian dome, was bound to apply the knife to the throat of the compact. Mr. Driggs, of the Williamsburg City, in killing the compact by withdrawing from it, merely anticipated the action of some less impatient and more faithful member. Mr. Driggs says he was compelled to take this step in order to protect "my business." "I" rigidly lived up to the rules and regulations of the association, but many of "my" associate members resorted to all kinds of unfair and underhand methods in order to attract to themselves more than the share of business due honest industry. His company will therefore henceforth remain outside "of any compact or association fixing arbitrary and compulsory rates of insurance." We suppose, "any New York compact" is meant.

Whether Mr. Driggs lived up to his pledges or not is immaterial now. It is a fact that his company was losing business, as any other company might have lost business, through the operation of the compact. This unpleasant fact prompted the withdrawal of the company, in the clear knowledge of all that the failure of the association implied. Mr. Driggs may be a disturbing element in metropolitan fire underwriting, but to credit him with killing the compact is merely ministering to his vanity. The association was fatally weak in requiring a unanimous membership as the test of its duration. Some losing company would certainly have soon done what the impetuous Driggs has done.

The situation has been referred by the New York Tariff Association to a committee, of which F. C. Moore is the chairman. This committee have prepared a report, in which they recommend the careful rating of risks, and a reduction according to the

proportion of a risk placed with associated companies, so that a property-owner who agrees in his policies to give the whole of his risks to the associated companies, will secure a lower price. This association is to be a sort of insurance exchange, which will facilitate the transaction of business and reduce expenses. The plan seems feasible enough; and if such a remedy is adopted, outside companies, like the Williamsburg City, will have substantial reasons to regret the "free trade" in insurance, which a lack of faith and a lack of brains have precipitated.

### OLLA-PODRIDA.

The New York Insurance Superintendent compliments the purely fraternal assessment associations on their honest and economical management; but of the business associations he says that "many of them are conducted by men of doubtful morals and undoubted ignorance."

The New York business co-operatives claim that the general Act regulating assessment insurance associations in that State is a guarantee of their security. In discussing the demerits of several New York co-operatives, notably the Mutual Benefit, we have denied that the law under which they were organized affords any protection to certificate holders or is any evidence of security. The New York Superintendent, in the annual report just issued, sustains the position of the COAST REVIEW in the following language: "Our general Act for the organization and regulation of these societies is so absolutely devoid of any effectual protective features, or statutory safeguards, that it offers a constant inducement to persons of easy morals and straightened circumstances, especially if they have ever dabbled a little in insurance, to raise the wind by organizing an 'insurance company' on the assessment principle. No security of any kind is requisite."

Insurance Superintendent Maxwell touches the mainspring of co-operative insurance when he says: "One matter is carefully provided for—salaried places for the two or

three active corporators and employment in various capacities for their friends." While this is true of all co-operatives, it is so applicable to the Mutual Reserve Fund Life Association of New York that we imagine the Superintendent had President Harper and his enormous salary in his mind's eye when he penned the sentence quoted.

E. G. Richards of Boston, for the past five years manager and special agent of the Queen Insurance Company for New England, has been elected Secretary of the National Fire Insurance Company of Hartford. Mr. Richards stands high with his associates, is an experienced underwriter, and a valuable acquisition to the National.

Fidelity insurance is something more than a guarantee of indemnity: it is an aid to good morals, by reason of the certainty and celerity of punishment for embezzlement; for the fidelity companies are interested in the vigorous and merciless enforcement of the law. Without their detective facilities and special interest in the discovery and punishment of the unfaithful, the embezzler may ordinarily ignore the chances of arrest and conviction, for it seldom pays the losing party to put the expensive machinery of the law in motion. It is regarded as throwing good money after a bad debt. But the surety company, in self protection, must hold the certainty of punishment *in terrorem* over all criminally-minded men in positions of trust. If the surety companies will only abolish Canada they will reduce their chances of loss to a minimum.

Commissioner Pillsbury of New Hampshire pads his annual report with a good deal of irrelevant matter, now that the stock companies are gone. Referring to the failure of the Metropolitan Compact, he says: "The timid old Williamsburg City broke ranks, whereupon the hopeful compact made haste to surrender, leaving the cormorant brokers and their seconds, the agents, complete masters of the situation. Twenty to forty per cent. commissions will now be in order. Meanwhile the army of specials will continue to enjoy their pleasant drives and luxurious dinners. The

whole conduct of the business is a complete travesty of all sensible and honorable business methods, and the people who purchase insurance are the victims." The specials should get after the scalp of the Commissioner. He says a wise thing, however, in this: "As with other commodities, lowering the price of insurance will inevitably deteriorate the quality."

Frank W. Ballard, the insurance editor of the New York *Commercial Bulletin*, died last month, after a few days' painful illness of pleuro-pneumonia. Mr. Ballard was one of the ablest writers for the insurance press, and his death is a loss to both the press which he honored and the insurance interests which he so faithfully served. It may be remembered that an interesting and suggestive paper by Mr. Ballard, on "The Newspaper Press and its Treatment of Insurance Topics," was read at the eighth annual meeting of the Fire Underwriters' Association of the Pacific, in February, 1884.

A paper on automatic sprinklers mentions these defects:

- 1st. Want of sensitiveness to any small leakage from the installation.
- 2d. The prevalence of false alarms owing to the valve being operated so easily by sudden fluctuations of pressure, such as all public water services are liable to.
- 3d. The unsatisfactory nature of the alarm itself, owing to its flimsy construction, liability to get out of order, and limited duration, averaging two and a half minutes.

Numerous instances were given of the dangers to which property protected by the sprinkler installation was exposed by these defects, and it was shown how large quantities of water would in a short time be poured upon valuable property through leakages to which the existing alarm valves were altogether insensitive.

Some men object to paying life insurance premiums year after year because they "get nothing in return." To minds of that class it seems like throwing money away; yet, very inconsistently, these men will pay out similar sums year after year in the payment of fire insurance premiums, without feeling it a loss, as a life premium seems. The payment of the fire premium might warrant such a feeling, for nearly all the chances

are against the occurrence of fire; but in the case of the life premium there is not merely an assurance of the payment of a large indemnity for a small sum, if death matures the claim, but there is, besides, the certainty of the return of all the premiums, for the claim must mature in time. The difference between the two classes of insurance, in the minds of such objectors—the difference which makes the fire premium paid cheerfully and allows the life policy to lapse—is that the insured personally reaps the benefit of a maturing fire policy, while his beneficiaries, his family, receive the money for a maturing life policy. It is because of this selfishness of the male human nature that endowment life insurance is necessary and popular.

We overheard a man denouncing life insurance, the other day, because a scamp solicitor offered to insure him as at age 40 when he was 55. This man was angry, not with the solicitor who cared only for a commission, but with the company which, he was advised, would not pay the claim when his real age was learned after death. Apparently he could see nothing wrong in becoming a party to the fraud himself by misrepresenting his age and thereby defrauding the company, or his fellow members, out of nearly half the annual premium; yet, had he accepted the solicitor's offer, he would have been by far the greater rascal of the two; and the company, if it paid such a claim, would be criminally foolish. This man, of average intelligence and respectability, seriously contended that the company should submit to the witting fraud of its solicitor and the insured, and waive the most vital condition of the policy. It is of such sad stuff that human nature is made.

Frank Jones, of Portsmouth, N. H., was an active supporter of the valued-policy law which caused all the companies to withdraw. He has since insured his brewery in the following irregular companies—wild cats all, we believe: Kittanning, Fargo, East Tennessee, Island Home, Union (Mo.), Potomac, Birmingham, Monarch, Mississippi Home, Security, Mt. Holly, Standard, In-

diana, Mutual of Philadelphia, National, Dover of nowhere, Iron and Oak, Commonwealth, Rome, North Star, Capital of Iowa, Mountain City, Louisiana, Reliance Manuf. Mutual, Kansas City, Lincoln, Pelican, New England, East Texas, Citizens, Northwestern, Pierre, Mobile, and Oskosh. Several of these companies are dead, none has any capital worth mentioning, and none would be allowed to do business in California. If Mr. Jones' big brewery were to burn, it is doubtful if he could recover as much as a tenth or a twentieth of his insurance. Mr. Jones of Portsmouth can thank his own ill-tempered and unwise support of a foolish law for the great risk he daily runs.

Changes have been made in the Massachusetts standard policy in conformity with Commissioner Tarbox's codification of the insurance laws of that State. Under the revised form losses are payable to the assured and his legal representatives; permission is granted for the use of kerosene oil-stoves in dwelling houses for domestic purposes, to be filled with oil of lawful test, by daylight, when the stoves are unlighted and cold; liability unagreed upon must be ascertained by award of referees; such award shall be conclusive, but no person shall be a referee, against the objection of either party, who has acted in a like capacity within four months.

We learn from the *Bullionist*, a weekly financial and commercial journal published in London, that Mr. L. Beecher Cowin has been appointed by the South British and National manager of their British and Continental fire business. Mr. Cowin was previously connected with the Equitable Fire Office for a period of thirteen years, during the last ten of which he most satisfactorily filled the position of secretary of their London office. The *Bullionist* adds: "The companies he has joined are unlimited in liability, and there is a considerable amount of capital uncalled. The position of the policyholders is therefore as safe as could be desired."

The discussion of the Homeopathic Mutual Life's affairs, in our exchanges, is not

dealt out in homeopathic doses. Its capital stock of \$100,000 is impaired 80 per cent., which is a bitter pill for the stockholders, no doubt, but need make no difference with its policyholders. The company should reinsure.

Most all co-operatives levy uniform assessments without regard to age. They claim that the age is not material in their rapidly changing membership; but when it was found by the Order of Chosen Friends of Michigan that a member had misrepresented her age (as most women do, it is said) payment of the beneficiary's claim was refused. Suit was begun and carried to the Supreme Court, where the Chosen Friends won. It was held that the little deception practiced by the woman member was a material one, as it made a few cents difference in the annual dues. Any society which would fight a claim on such trifling grounds is litigious and dishonest. Beware of it.

During an official inquiry into the origin of a fire in Melbourne, Australia, an analytical chemist testified as to collodion as follows: Never knew it to explode without fire. Will not take fire spontaneously. It is a most dangerous compound to store. If a film of gun cotton was left dry on a sandy floor it might explode. The friction of the case on its joints would explode it. It is one of the most dangerous compounds to store; worse than naphtha or kerosene. If the cases were packed with old straw into which collodion had leaked, and there had been complete evaporation, the straw would remain coated with a film of gun cotton, which would ignite with any small concussion.

Of fifteen representative English marine companies, only two increased their premium income in 1886. One of these was the City of London. The British and Foreign and Thames & Mersey had by far the largest premium incomes. Thirteen of the fifteen show a decrease of \$1,043,000, making the net falling off \$870,000. The percentage of management expenses and interest earnings averaged  $12\frac{1}{4}$  and  $9\frac{1}{4}$  respectively.

## CURRENCY.

The shareholders of the Progres National are still paying liquidation assessments.

Alley & Holyoke of Marlborough, Mass., have dissolved partnership. Chas. F. Holyoke continues the business.

The Minneapolis Young Men's Marriage Endowment Association has passed in its checks.

The new Liberty Insurance Co. of New York, with a capital of \$1,000,000, will begin business this month, it is stated.

Secretary Armstrong of the New York Mutual Fire Insurance Company has been dismissed.

Alexander Mitchell, President of the Northwestern National Insurance Company of Milwaukee, died suddenly in New York last month.

The Home Mutual Aid, a Zanesville (O.) co-operative, had a death rate of twenty-seven per thousand last year, and paid an average of only \$307.75 per \$1,000 of its death claims.

The American Surety Company recently "run down" one Abbott, a defaulter who had absconded to Canada with \$16,000, and made him restore a part of it to the society whose funds he had embezzled. The company also paid the \$10,000 bond given the society.

The Association of Fire Underwriters for Texas held a six days' session at Galveston last month. The constitution was amended and rates were changed. J. M. Colton of Houston was elected President, Alphonse Kenison of Galveston, Vice-President, and A. G. Campbell of Houston, Secretary.

That total abstinence is not only not dangerous, but eminently conducive to longevity, is conclusive. In the temperance section of the *Sceptre* Life Association, the number of lives at risk at the close of last year was 4221, and the deaths therein during the year only 25, being at the rate of 6 per 1,000. In the previous year the mortality was at the rate of only 4 per 1,000. The average deaths in that section for the last twenty-two years have been at the remarkably low rate of 4.6 per 1,000.—*Ins. Agent.*

### MARINE ITEMS.

The heavy weather experienced on our Coast during last month brought many total losses to our underwriters, which in some cases were sufficient to wipe out their entire premium receipts during the last quarter. Our coal and lumber cargoes suffered the most, some of the former being lost with all hands, and others abandoned in a sinking condition.

We all have been aware that our coal vessels are generally grossly overladened, in some cases being really 100 per cent. over their registered tonnage. Our companies have made several attempts to stop this great evil, but unfortunately without meeting with any success, due principally to a few outsiders who would not join the action of the majority. We are informed that the Board of Marine Underwriters are making another effort to control the loading point of vessels engaged in this trade, the majority of its members having agreed not to write on vessel, cargo or freight, unless loaded in accordance with surveyor's certificate to be granted for each voyage. From a humane point we hope the underwriters' efforts in this respect will meet with the reward that such an action deserves, for, if avaricious shipowners can get their overladen vessels and their cargoes insured, so long will many a poor Jack leave this port never to return. If the liability of the vessel-owner did not cease with the loss of his vessel, it would be a strong inducement to some to accept less freight and respect not only the rights of shippers, but place a higher value upon the lives of those who navigate their vessels.

Information has been received from Surveyor Bruce, representing underwriters on the steamer *Mexico*, that they expect to be able to float this vessel about the 7th inst. If they succeed in doing so, we may expect to see her in our port within thirty days, where she will be thoroughly overhauled.

We think that interested parties in this loss ought to bring before the notice of the Ottawa Government the losses that have

occurred to vessels while in charge of Victoria pilots, between Nanaimo and Departure Bay and the sea. Having a compulsory pilotage law, captains of vessels running to those places are compelled to take on board incompetent, careless or overworked pilots, who have lately succeeded in destroying thousands of dollars worth of valuable American and English shipping. If their laws compel taking a pilot, we think all cases of negligent and stupid losses while in charge of such pilot should be thoroughly investigated by the government, and if the pilot is found at fault he should, like any other person holding a responsible position, be made to suffer the consequences.

In view of the competition of bonus paying companies having agencies in this city, it is rumored that a company established here is considering the advisability of offering to shippers to and from Pacific Coast ports a discount of 25 per cent. on all premiums paid into their office, the same to be allowed when the premium is paid. As this large discount offers better inducements to shippers than a bonus of the same amount at the end of the year, which is dependent upon the profits of the company of the previous year, no doubt the company in question will succeed in getting a large share of the business placed with Chinese companies.

Mr. Williams, the underwriter for the Standard Marine Ins. Co. of Liverpool, is visiting our Coast on a pleasure trip. He leaves in a few days for Portland and the Sound.

Mr. Campbell, connected with the Union Marine Ins. Co. of Liverpool, passed through this city, homeward bound, on his trip round the world.

The Association of Marine Underwriters of San Francisco have just issued in pamphlet form a printed copy of all papers read by members at their monthly meetings held during the past year. The subjects dealt with are treated with great care, and the information derived therefrom will prove of value to all connected with marine insurance. The following papers we find of

much interest: "Load-Line," by Edm. L. Woods; "Lumber Risks," by W. H. C. Fowler; "Notes and Suggestions on South Sea Business," by H. Stephenson Smith; "Letter on Negligence Clause," by W. Greer Harrison; "Hawaiian Island Trade," by F. S. Butler; "Liability in Cases of Collision," etc., submitted by E. L. Woods; "Seasons," by H. Stephenson Smith; "Bar-ratry," by H. Durbrow; "Nitrate of Soda (alleged spontaneous combustion)," submitted by E. L. Woods; "Re-insurance," by W. H. C. Fowler.

From the many casualties to shipping reported from January 1st to May 1st, we give the following important ones:

Bark *Lily Grace*, from Puget Sound, with lumber. Total loss.

Bark *Ella S. Thayer*, from Seattle, with coal. Abandoned at sea.

Bark *Julia Foard*, from Nanaimo, with coal. Put into Port Townsend leaking; discharged and sold 400 tons of coal, and proceeded to San Francisco for repairs.

Brig *Irene*, from Puget Sound, with lumber. Abandoned at sea.

Ship *Harvey Mills*, from Seattle, with coal. Foundered at sea.

Bark *Mary Glover*, from Puget Sound, with lumber. Returned, leaking badly; cargo discharged and sold.

Schr. *Parallel*, hence for Portland. Ashore and total loss at Cliff House.

Schr. *Irma*, ashore and total loss at Whitesboro, Cal.

Schr. *Georgie R. Higgins*, ashore and total loss at Whitesboro, Cal.

Ship *Blue Jacket*, from Seattle, with coal. Returned leaking badly; forwarded cargo, and proceeded to San Francisco for repairs.

Bark *Diana*, from Puget Sound, with lumber. Ashore and total loss at Starbuck Island.

Schr. *Stranger*, ashore and total loss at Smith's River, Cal.

Bark *Aberfeldy*, hence for Cork. In collision, and foundered at sea.

Bark *Astracan*, from Astoria for Cork. Wrecked on coral reef in South Seas.

Bark *Austria*, hence for Puget Sound. Ashore and total loss near Cape Flattery.

Ship *America*, at San Pedro. Parted chains and drifted ashore; got off, and towed to San Francisco for repairs.

Ship *Kennebec*, when partly discharged at San Pedro, was wrecked and sunk during a gale; floated by divers, and towed to San Francisco for repairs.

Barkentine *San Luis*, with cargo of coal and lumber, was totally lost at San Pedro.

Brig *Selina*, hence. Ashore, and total loss at Hilo, H. I.

Ship *R. P. Buck*, struck heavily at San Pedro and sprung a bad leak. Towed to San Francisco for repairs.

Schr. *Rustler*, ashore, and total loss near Cape Beale.

Bark *Thomas R. Foster*, from Nanaimo, with coal. Ashore, and total loss near Cape Cook, Vancouver Island.

Steamer *Raiatea*, hence for Tahiti. Burned and abandoned at sea.

Steamer *Mexico*, from Nanaimo, with coal; ashore on Bell Chain Reef, Straits of Georgia. In all probability will be got off at great expense.

Bark *Eldorado*, from Seattle, with coal. Abandoned in a sinking condition at sea.

Bark *J. W. Seaver*, hence for Portland, Oregon. Ashore, and total loss near Santa Cruz, Cal.

Schr. *J. Eppinger*, ashore, and total loss at Navarro, Cal.

Schr. *Joshua Grindle*, from Puget Sound, with lumber. Abandoned at sea.

Ship *St. Stephen*, from Seattle, with coal. Missing.

Bark *Elsinore*, from Puget Sound, with lumber. Towed back to Port Townsend; discharged and sold deck-load.

Schr. *Active*, reported missing.

Schr. *Teresa*, reported missing.

Brig *North Star*, from Seattle, with lumber. Missing.

Steamer *Geo. W. Elder*, ashore at Burrard Inlet. Towed off by tugs.

Schr. *Champion*, wrecked on the Vancouver coast, and twenty-seven lives lost.

### The "Parallel" Insurance.

The marine underwriters' investigation of the loss of the *Parallel* and its cargo, by explosion, is disclosing some peculiar facts. The reader will remember that this schooner, which was loaded with giant powder, ran upon the Cliff House rocks one night last January, and was blown sky high. It appears that she was not loaded according to law, and that her captain was strangely incompetent. Without making proper efforts to keep off the rocks, or to sail away from the dangerous vicinity, the cowardly captain ordered the boats lowered, and was himself among the first to desert the schooner. After some hard pulling, the crew all landed in safety at a point north of the entrance to the bay, and were cared for by the light-house people. The captain remained there all night, cowering and complaining and listening for the expected explosion. When

its thundering echoes came, he devoutly thanked God; but in the meantime he sent to the city no message of the drifting vessel and its dangerous cargo of a hundred thousand pounds of highly-explosive powder. Upon the surface, the circumstances all point to the captain as the willful author of his vessel's destruction; but the investigation, thus far, shows merely that he was incompetent and panic-stricken. He had no interest in the *Parallel*, nor in her cargo, and could not be a gainer by her loss. The nature of the cargo, the great risk from even a slight concussion, appears to have robbed him of half his wits and all his humanity, for at no time did he evince the slightest concern for the imminent and deadly danger which threatened he knew not whom after he left the vessel to drift to her fate. He thanked God when the detonation came—his ignoble life was safe, and that was a fact large enough to fill all his small soul.

The insurance was as follows:

#### HULL.

Firemans Fund.....	\$3,500
South British.....	2,500

#### CARGO.

Firemans Fund.....	\$3,000
Insurance Co. North America.....	3,500
Providence Washington.....	3,500
Magdeberg-General.....	3,000
Franco-Hungarian.....	3,000
Merchants Mutual (Baltimore).....	2,000

### FIRES.

#### California.

April 4, Solida, general merchandise; Scottish Union.....	\$750
April 2, Fresno, stable: California Insurance Company.....	\$250
April 3, Martinez, drug stock: South British.....	\$109
January 27, Napa, blacksmith shop: Southern California.....	\$375
April 6, Santa Rosa, merchandise and brick building: California.....	\$1,054
Union, N. Z.....	295
Sun, S. F.....	147
Home Mutual.....	1,120
Imperial.....	815
Firemans Fund.....	147
Phoenix, London.....	683
April 13, Eureka, store and laundry: Home Mutual.....	\$800
Union, S. F.....	930

April 9, near Redwood City, dwelling: Royal, Norwetch Union and Lancashire.....	\$500
February 10, Los Angeles, "printery:" Southern California.....	\$281
February 26, Vallejo, hay: Southern California.....	\$300
January 17, East Oakland, contents of barn: Southern California.....	\$225
January 27, Marysville, brick building and contents: Southern California.....	\$913
April 2, Stockton, barn: Hartford.....	\$1,400
March 25, Redding, lumber: Commercial, S. F.....	\$112
March 20, Napa, tannery: Commercial, S. F.....	\$1,373
April 8, Fresno county, furniture, piano, etc., and dwelling: Home & Phoenix.....	\$1,200
Connecticut.....	1,750
Scottish Union.....	1,750
April 7, Capay, general fire: German-American.....	\$500
North British.....	850
Firemans Fund.....	1,366
April 24, Lake county, dwelling: Guardian.....	\$2,000
April 3, Mohawk, dwelling: South British.....	\$500
April 5, Tulare county, barn and hay: Phoenix, Brooklyn.....	\$121
April 27, Nevada county, dwelling and furniture: Union, S. F.....	\$1,000
March 14, Santa Rosa, frame buildings: Union, N. Z.....	\$387
April 25, Oakland, millinery: London, Northern & Queen.....	\$150
April 2, Stockton, furniture, etc.: Oakland Home.....	\$470
April 26, Jacksonville, quartz mill: London, Northern & Queen.....	\$1,500
April 1, Santa Rosa, frame hotel: National, Ireland.....	\$750
Boylston.....	750
April 4, Traver, threshing outfit: Commercial Union.....	\$1,200
April 17, Oakland, iron works: Ten companies.....	\$300
April 18, Red Bluff, dwelling: Phoenix, Brooklyn.....	\$148
April 13, Oakland, furniture in dwellings: Commercial Union.....	\$412
April 24, Santa Rosa, barn: Three companies.....	\$250
April 15, Oakland, household furniture: Hartford.....	\$167
March —, San Diego, dwelling: Amazon.....	\$260
April 25, Fresno county, dwelling: Phoenix, Brooklyn.....	\$535
April 24, Los Angeles county, hay: Washington.....	\$312

**California.**

April 5, Antioch, lumber yard:	
Amazon.....	\$53
Pacific.....	53
Etna.....	132
Hartford.....	106
Connecticut.....	105
Two companies.....	132
April 7, Yolo county, dwelling and contents:	
Clinton.....	\$1,000
April 6, San Mateo county, brick library building:	
Etna.....	\$4,000
London & Lancashire.....	2,000
April 12, Merced, Cal., frame dwelling and furniture:	
German, Ill.....	\$400
Merchants, N. J.....	300
Union, S. F.....	975
State Investment.....	600
April 9, Oakdale, dwelling:	
Westchester.....	\$600
April 15, Oakland, works:	
Firemans Fund.....	\$128
April 12, Oakland, dwelling and furniture:	
Firemans Fund.....	\$124
April 22, Madera, dwelling and furniture:	
Firemans Fund.....	\$1,625
April 1, Fresno, frame dwelling:	
American, Phila.....	\$199
Phenix, Brooklyn.....	400
April 20, Brownsville, dwelling:	
American, Phila.....	\$200
April small losses.....	\$4,000
Total California (S. F. excepted.....)	
April 23, San Francisco, frame building:	
North German.....	\$600
April 23, San Francisco, building and stock:	
State Investment.....	\$500
April 24, San Francisco, dwellings:	
State Investment.....	\$798
April 5, San Francisco, furniture factory:	
American, Phila.....	\$507
Anglo-Nevada.....	425
Pennsylvania, Phila.....	507
Hamburg-Bremen.....	356
Phenix, Brooklyn.....	425
Niagara.....	350
April 1, San Francisco, frame building:	
Phenix, Brooklyn.....	\$300
April 14, San Francisco, mattress factory:	
Anglo-Nevada.....	\$988
April 17, San Francisco, dwelling and general merchandise:	
New Zealand.....	\$292
April 16, San Francisco, brick buildings:	
Royal, Norwich Union & Lancashire.....	\$291
April 24, San Francisco, dwelling and brick building:	
Commercial, S. F.....	\$220
April 24, San Francisco, dwellings:	
Royal, Norwich Union & Lancashire.....	\$184
April 30, San Francisco, dwelling:	
London, Northern & Queen.....	\$300

## April 3, San Francisco, hay:

Hamburg-Bremen.....	\$458
Sun, N. O.....	500
April 23, San Francisco, frame building and contents:	
Connecticut.....	\$765
April 10, San Francisco, frame building:	
Guardian.....	\$600
April 24, San Francisco, contents of frame dwelling:	
Liverpool & London & Globe.....	\$142
April 29, San Francisco, hotel:	
Fire Ins. Ass'n, London.....	\$255
April 5, San Francisco, machinery:	
Lion.....	\$330
Washington.....	330
Fire Ins. Ass'n, London.....	233
Clinton.....	230
April 13, San Francisco, frame buildings:	
Prussian National.....	\$550
April 24, San Francisco, dwellings and household furniture:	
California.....	\$433
Union, S. F.....	710
April 28, San Francisco, household furniture:	
Prussian National.....	\$145
April 1, San Francisco, iron works:	
Anglo-Nevada.....	\$180
Six companies.....	270
Lion.....	420
April 23, San Francisco, frame building:	
Anglo-Nevada.....	\$625
April 28, San Francisco, dwelling:	
State Investment.....	\$350
April 23, San Francisco, tinware:	
Hartford.....	\$511
Washington.....	621
North German.....	310
April 30, San Francisco, saloon and dwelling:	
Hartford.....	\$275
April 13, San Francisco, machinery stock, etc.:	
Citizens, Ohio.....	\$659
April 24, San Francisco, dwelling:	
Sun, S. F.....	\$113
April 24, San Francisco, frame dwelling:	
Continental.....	\$689
Firemens, Newark.....	186
April 4, San Francisco, dwelling:	
Sun, S. F.....	\$275
April 5, San Francisco, marble works:	
Transatlantic.....	\$148
April 3, San Francisco, dwelling and furniture:	
Firemans Fund.....	\$250
April 23, San Francisco, "wood-carvery":	
Germany.....	\$300
April small San Francisco losses.....	\$2,000
Total, San Francisco.....	
Total, California.....	

**Montana.**

April 5, Missoula, opera house and express office:	
Union.....	\$900
Etna.....	200



1803

# IMPERIAL

FIRE INSURANCE CO., OF LONDON

(Instituted 1803.)

Capital Paid in,	- - - - -	\$3,500,000 00
Assets, January 1st, 1886,	- - - - -	9,581,953 00
Invested in the United States,		1,620,506 00

## PACIFIC DEPARTMENT

Having Jurisdiction over the States of California, Oregon, Nevada, Colorado, and the Territories of Washington, Idaho, Montana, Wyoming, Utah, New Mexico and Arizona.

GEO. D. DORNIN, Manager.

WM. SEXTON, Assistant Manager.

215 Sansome Street, San Francisco, Cal.



# WASHINGTON

FIRE AND MARINE INS. COMPANY

OF BOSTON.

Capital Paid in,	- - - - -	\$1,000,000 00
Assets, January 1st, 1887,	- - - - -	949,467 00

## PACIFIC DEPARTMENT

Having Jurisdiction over the States of California, Oregon, Nevada, Colorado, and the Territories of Washington, Idaho, Montana, Wyoming, Utah, New Mexico and Arizona.

GEO. D. DORNIN, Manager.

WM. SEXTON, Assistant Manager.

215 Sansome Street, San Francisco, Cal.



Subscribed Capital, - - - \$4,125,000 00  
 Capital and Gross Assets, - - 4,712,747 00

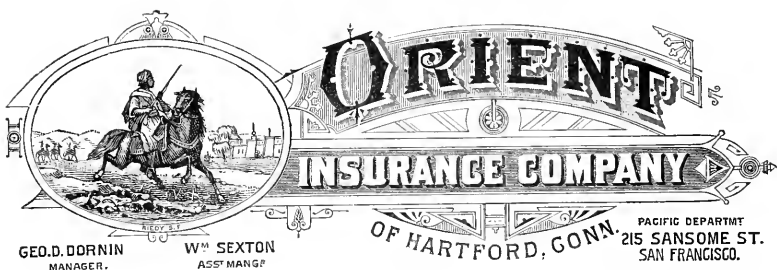
PACIFIC DEPARTMENT FOR

The States of California, Nevada, Oregon, Colorado, the Territories of Washington, Idaho, Montana, Wyoming, Utah, Arizona, New Mexico, and the Hawaiian Islands.

GEO. D. DORNIN, Manager.

WM. SEXTON, Assistant Manager.

215 Sansome Street, San Francisco, Cal.



Capital, - - - - - \$1,000,000 00  
 Assets, January 1st, 1887, - - 1,604,486 00

PACIFIC DEPARTMENT FOR

The States of California, Oregon, Nevada, and the Territories of Washington, Idaho, Utah, Arizona and New Mexico.

GEO. D. DORNIN, Manager.

WM. SEXTON, Assistant Manager.

215 Sansome Street, San Francisco, Cal.

**Montana.**

April 20, Miles City, dwelling: North British .....	\$700
April 17, Helena, dwelling and contents: Commercial Union .....	\$1,000
April 6, Deer Lodge, frame building: Hartford .....	\$318
City of London .....	292
April 7, Shawmut, barn and building: Hartford .....	\$318
April 12, Anaconda, frame building: Commercial .....	\$650
April 7, Montana, store, dwelling and furniture: Home Mutual .....	\$1,450

**Oregon.**

April 5, Portland, dwelling: Hamburg-Bremen .....	\$660
April 2, Grant Pass, barn: Lion .....	\$522
April 12, Walla Walla, furniture and dwelling: Washington .....	\$500
April 27, Douglas county, quartz mill: Oregon F. & M. ....	\$3,000
April 8, Astoria, cannery: Oakland Home .....	\$134
Traders .....	80
Firemans Fund .....	134
April 2, Josephine county, dwelling: Phenix, Brooklyn .....	\$2,000
American, Phila .....	1,000
April 20, East Portland, barn, dwelling and shop: Phenix, Brooklyn .....	\$400
April 8, Walla Walla, saloon and building: Etna .....	\$1,134
Commercial .....	799
April 3, Ashland, planing mill: Hartford .....	\$750
Total Oregon .....	\$11,113

**Washington.**

April 26, Cheney, frame dwelling: Firemans Fund .....	\$600
April 23, Bickleton, general merchandise: Connecticut .....	\$1,000
London, Northern & Queen .....	2,500

**Utah.**

March 31, Promontory, dwelling: Anglo-Nevada .....	\$2,500
April 8, Salt Lake City, dwelling: Hamburg-Magdeburg .....	\$505
April 8, Logan City, frame building: Hartford .....	\$2,500

**Nevada.**

April 9, Wells, hotel: Springfield .....	\$950
Concordia .....	950
Clinton .....	950
Howard .....	950
Royal, Norwich Union & Lancashire .....	1,400
Liverpool & London & Globe .....	140
Total .....	\$5,340

April 20, Carson City, frame dwelling and contents: London & Lancashire .....	\$188
Connecticut .....	530
April miscellaneous small losses .....	\$2,700
Grand total .....	\$97,171

**LOCAL MISCELLANY.****Acknowledged.**

Superintendent Maxwell of New York State places us under obligations for parts 2d and 3d of his annual report.

The *Trestle Board* is the title of a new monthly Masonic magazine, by C. Moody Plummer, at 414 Clay street. It is neatly printed and has an interesting and varied table of contents. Terms, \$1 per year.

The *Chronicle Fire Tables* for 1887 are out. The *Chronicle* also issues an abridged edition of its fire tables, to which is added a financial history of fire insurance companies for ten years. It is a serviceable handbook.

Handy Assurance Guide for April; by Wm. Bourne, Liverpool. A useful chart of British life business. Price, 3 pence.

The *Chicago Argus'* comparative chart of fire insurance in the Eastern and Gulf States.

**Not So Slow.**

The March *COAST REVIEW* contained this time honored quotation: "The Philadelphians are nothing if not slow." Promptly by return mail from Philadelphia came this thunderbolt: "Stop the *COAST REVIEW*!" Happily the writer added this qualification—"when our subscription expires"; the *COAST REVIEW*'s lease of life is therefore extended several months. We seize the occasion to assure all our numerous Philadelphia subscribers that we no longer believe that Philadelphians are "slow." We cheerfully admit they are "fast."

**Admission of the Granite State.**

The Granite State Ins. Co. of New Hampshire has been admitted to this State, and has appointed Charles A. Laton its general agent. The company has \$200,000 cash capital, and \$342,525 assets. It was organized in 1885. Mr. Laton has also been appointed the Pacific Coast representative of the New Hampshire Fire Ins. Co.

### A Merited Compliment.

Says *Insurance* of New York: "The annual meetings of the Fire Underwriters' Association of the Pacific, as they are reported in the *COAST REVIEW*, appear to be highly enjoyable as well as instructive. The papers read and speeches made, though they do not get a tenth part as much notice from the insurance press in general as those which form the staple of the yearly proceedings of the Fire Underwriters' Association of the Northwest, are, as a whole, much superior to the latter."

### Anglo-Nevada.

We print elsewhere a detailed statement of the Anglo-Nevada Assurance Corporation for the year ending December 31, 1886. In assets and cash capital the Anglo-Nevada is the largest fire insurance company west of the Alleghenies. It has \$2,000,000 paid-up capital, as every body knows. The net fire premium income during the first year of its existence (1886) was \$296,275, with \$76,444 marine premiums besides, or a total of \$372,719, which is a remarkably good first year's work. The large amount of cash reported in bank is owing to the fact that the capital was paid in just before the date of the report. This money has since been satisfactorily invested. An extraordinary gain in city premiums for the first quarter of 1887, over the first quarter of 1886, was made by the Anglo-Nevada.

### California Title Insurance and Trust Company.

There was recently organized in this city a title insurance company, with a cash capital of \$100,000. The officers are George T. Marye, Jr., President; Oliver Eldridge, Vice-President; Milton B. Clapp, Secretary; Nevada Bank, Treasurer; A. D. Gunnison, Manager. Chickering & Thomas and others comprise the legal staff. The company makes a specialty of the management and settlement of estates, and is authorized by law to act as executors, administrators, etc. It insures the title of realty at certain rates per \$3,000 and over. There is ample room and a pressing need for such a company, and, we take it, therefore—after reading its list of officers and directors—that the success of the new venture is doubly insured.

### National Marine.

The National Marine Insurance Association of London, represented by Gutte & Frank on this Coast, has issued its annual report for 1886, from which we take the following numerals: Assets, \$872,795; cash capital, \$500,000; premiums, \$589,325; losses, \$212,500.

### Martinez Fire Department.

There was a little fire at Martinez the other day. When the blaze was about extinguished with difficulty and buckets, one of the townsmen exclaimed, "What durned fools we are, boys, not to think of our hook and ladder outfit!" The town had but recently provided itself with hooks and ladders and buckets, but, in the general excitement, this fact was overlooked. Fearing a fresh outbreak, or anxious to display the new fire apparatus, the volunteer firemen ran to the hook and ladder house. It was safely locked, but the key could not be found! Forcing an entrance, at last, the truck was discovered to be out of order and all the appliances were therefore practically useless. This is a fair specimen of that village fire protection upon which the villagers base a demand for lower insurance rates.

### Home Accident Association.

A correspondent writes as follows from Colton:

#### EDITOR COAST REVIEW:

Please inform me of the standing of the Home Accident Association of San Francisco; and whether it can or does pay its claims in full; and if has or can have a limited number of assessments.

The Home Accident Association has no financial standing. It has neither assets nor good character. It is an offshoot of the Home Benefit Association, which abandoned the accident department because its compromises compromised the life department. If it pays any claims in full they are very small claims; it certainly does not pay all its large claims in full, as Mrs. Jos. Lane, of Angel's Camp, will attest. She was tendered half, and on the advice of counsel, accepted the offer, because the court could not enforce her claim. There is no limit to the assessments which can be levied by the association.

#### New Co-operative Visitors.

Inquiries have been made at this office relative to the Guaranty Mutual Accident Association of New York and the National Live Stock Association of Richmond, Va. Both are frauds. The former began business April 27, 1886; had 2,637 members on December 31, and \$993.61 assets. It received \$16,528 from members, paid \$2,726 losses and \$13,371 expenses of management. Whenever anybody insures stock in the National Live Stock Association of Richmond, Va., it is a clear case of a fool and his money parting company.

#### El Monte Hotel Fire.

The suspicion that the Hotel Del Monte fire was an incendiary one was confirmed after a brief investigation. The evidence very strongly convicted E. T. M. Simmons, of the atrocious crime. Simmons had been manager for some time, but had just been supplanted by a former manager. The fire broke out in several places simultaneously, and the water-pipes had been tampered with by a skillful hand. At the preliminary examination Simmons was held in \$25,000 bail for trial. At the present writing he is still in jail.

#### Accommodating Companies.

A little chip in last month's COAST REVIEW, calling the attention of the *Spectator* to a great error in its report of the California fire insurance business, caused the republication of the table in our contemporary of date April 28th, "reported by the companies to the *Spectator*" three months after the same figures were reported by the companies to the COAST REVIEW and the California Insurance Commissioner. The companies were very kind to report the same figures to the New York journal, when they might have called the attention of its editor to the two previous authoritative publications of the same figures early in February.

#### Federal Court Decision.

We print this month the full decision of the United States Circuit Court, in this city, in the case of Tennant, Admr., v. The Travelers Ins. Co., decided last month. An abstract of the decision is also given in our Monthly Digest.

#### Life Tables.

We print this month two valuable life tables, one of the aggregates reported to the New York Life Insurance Department since 1859, the other a compilation of the resources and business of the life companies operating on the Pacific Coast, including California premiums and payments to California policyholders.

#### Travelers Insurance Company.

Last year the Travelers of Hartford added some \$700,000 to its assets, and materially increased its surplus. The gain in new business was large, and the gains in premiums corresponded. The Travelers reported, on January 1, 1887, \$9,111,590 assets, \$2,150,676 surplus, \$933,367 life premiums, and \$1,943,644 accident premiums. The accident premiums for the first quarter of 1887 were \$441,564, a gain of \$45,000 over the corresponding period in 1886. A new feature of the Travelers accident policy is the payment of the full principal in case of the loss of both eyes or two limbs; and one-third of the principal will be paid on the loss of one eye or hand or foot. In this field the Travelers is represented by W. W. Haskell, under whose management a thriving business is transacted. Notable and encouraging gains are reported this year.

#### United States Life Ins. Co.

The new business of the United States Life of New York for the first quarter of the present year exceeds the new business of the corresponding quarter of 1886 by nearly 50 per cent., or a gain of nearly half a million of new insurance. The total insurance now in force is \$1,425,000 more than was in force a year ago.

Comparing the figures for 1886 with those for 1885, we find that considerable gains were made in assets, surplus, policies, and insurance in force, premiums, etc. The United States Life had \$5,633,138 assets and over a million surplus on January 1st. It is one of the old-established life companies, dating back to 1850. Its policies are indisputable after three years, and its security is gilt-edged. J. W. Howell, the California manager, is pushing the claims of the company in this field.

#### San Mateo County License Tax.

The Board of Supervisors of San Mateo County recently passed an ordinance requiring fire, life and accident insurance companies to pay a quarterly license tax of \$5.00 as the condition of operating within the sacred limits of that political subdivision of California. It was at first proposed to impose the tax, or a greater one, on every insurance agent in the county; but when the San Francisco underwriters declared they would raise rates accordingly, the Redwood City people promptly brought the Supervisors to their senses. The companies did not object to a reasonable tax, but extortion was not to be submitted to. The arguments of the underwriters were very convincing.

#### A Novel Claim.

A Napa county man recently lost his house by an explosion of gunpowder, in this way: He and his sons traced a skunk to the cellar beneath the house, and presently saw the animal crouching in a dark corner. Leveling a shotgun at the intruder, the man fired, but unluckily the charge entered a forgotten can of blasting powder, and an explosion followed. The dwelling was undermined, and a large portion of it was blown to kindling wood. The man and his sons were severely burned and otherwise injured by the concussion. No fire followed, but a claim was subsequently presented to an insurance company for damages. The Napa man had not read his policy. His only consolation for his loss and sufferings will be the fact that he killed the skunk.

#### Union Mutual Life.

The surplus of this Maine life insurance company increased nearly 500 per cent. during the decade ending December, 1886. Comparing the year closed with the year 1881 there was an increase, during this quintuple period, of 48 per cent. in the number of policies issued, 87 per cent. in the amount of insurance written, and 38 per cent. in the amount insured per policy. The increase in 1886 over 1885 was 146 policies, insuring \$953,028. The new insurance written last year was \$5,085,354.

#### Fire Insurance Association.

The United States branch of the Fire Insurance Association of London maintained its premium income and reduced its losses last year. The assets and net surplus were kept at the same figure practically, one gaining and the other falling off a trifle. The assets on January 1st were \$921,474, with \$385,831 net surplus over all liabilities. This is excellent security. The net premiums from the American business were \$750,831. This company has various sums deposited with State authorities, for the security of American policyholders, to-wit: Ohio, \$103,500; Oregon, \$64,000; Georgia, \$27,190; North Carolina, \$12,800. Jacobs & Easton and W. L. Chalmers represent the Fire Insurance Association on this Coast, where its premium income last year was nearly \$150,000. The total premium income last year was \$1,451,050.

#### Gains in City Business.

The fire premiums from the San Francisco business for the first quarter of 1887 were 6.3 per cent. greater than for the corresponding quarter of 1886. Of the total gain of \$29,998, the California companies took the lion's share (66 per cent.), the foreign companies receiving 23 per cent., or two-thirds of the small remainder, leaving \$3,224 (11 per cent.) gain for the other State companies. The premiums for the first quarters were as follows:

Classes.	1st qr. 1886.	1st qr. 1887.	Per cent. Gain.
California.....	\$93,009	\$112,839	21.3
Other-State.....	152,923	156,147	2.1
Foreign.....	227,786	234,730	2.9
Totals.....	\$473,718	\$503,716	6.3

#### Liberal Features.

The Fidelity and Casualty Co. of New York is about to introduce changes in its accident policy contracts, by which special indemnity will be given for the loss of one or both eyes, one or both hands, or one or both feet. The new policy will be deservedly attractive. Every accident company's policy should cover such losses, for without limbs or eyes a man is industrially dead, and his dependents stand in even greater need of the insurance money than if he were really dead.

#### A Gasoline Boiler Explodes.

A gasoline boiler in the Nucleus House in this city exploded the other day. A part of the boiler was blown through the door of the room, and the concussion was so great as to detach plastering, break windows, and perceptibly shake the building. The boiler had contained crude petroleum, but was empty. Plumbers were disconnecting the pipes at the time. A candle was lighted, and the explosion followed. The boiler was probably full of gas. Had the boiler been full of gasoline, as might have been the case, the result of the explosion would have been very serious.

#### Personal Mention.

COMPACT MANAGER Alfred Stillman is East.

PRESIDENT BROMWELL of the California is visiting his Eastern agencies.

A. F. BLOOD of Chico, and J. M. Mann of Woodland, were in town last month.

L. B. EDWARDS returned from an extended trip through the Pacific Northwest, on the 6th inst.

JESSE WATSON, general agent of the Williamsburg City Insurance Company, is visiting California.

WELLINGTON A. WILLIAMS, the underwriter of the Standard Marine Insurance Company of Liverpool, is in the city.

WM. J. LANDERS of the Guardian, and Jesse Watson of the Williamsburg City, are in Southern California.

J. W. STAPLES, Wm. Sexton, Geo. F. Grant and S. D. Ives are "doing" the Rocky Mountain (southwest) country, in the interest of their several companies.

GERALD M. FENNEL, special traveling agent of the Mutual Life Insurance Company of New York, is visiting the Pacific Coast agencies of the company.

N. FOSTER, JR., of N. Foster, Jr., & Wise of Boston, is visiting California. His firm are the general agents for New England of the Anglo-Nevada Assurance Corporation.

A. W. KIMBALL of Milwaukee, Assistant Superintendent of Agencies of the Northwestern Mutual Life Insurance Company,

visited San Francisco and Los Angeles last month, and from here went to Portland and other Northwest cities. The February COAST REVIEW contained an extract from a valuable paper by Mr. Kimball, entitled "The Successful Life Agent."

SECRETARY CHRISTENSON of the American Central returned to St. Louis last month, after attending to the San Francisco agency of his company. Mr. Christenson has taken a great fancy to the Coast, and may some day make San Francisco or a suburban town his permanent abiding place. Many insurance friends, including the COAST REVIEW, will warmly welcome him as a fellow-Californian.

#### Chips.

—"The long-felt want" has been "filled."

—The COAST REVIEW CHART will issue from the press within a few days.

—Geo. Mel, formerly with Newhall & Co., has been employed in the office of Manheim, Staples & Co.

—It was immodestly remarked, of a recent hotel fire, that many of the guests made a bare escape.

—A \$75,000 fire in Chinatown in San Jose, on the 4th, resulted in a loss to the companies of about \$30,000. Particulars will appear in our May loss reports next month.

—D. W. McIntosh, formerly of Virginia City, has located at Los Angeles. Mr. McIntosh is well known to our specials and adjusters, and has been a useful man to underwriters.

—The Southern Insurance Company of New Orleans has just authorized General Agent Jos. C. Jennings to establish a general agency system on this Coast. He is therefore prepared to receive applications for local agencies.

—In Germany, recently, an editor was convicted of libel and imprisoned for placing an exclamation point after a statement of fact. Bad punctuation ought to be punished with fines and imprisonment. The COAST REVIEW printers are requested to take warning and throw the comma "pepper-box" out of the window.

—The Mutual Life Ins. Co. of New York has entered Mexico.

—Mercer Oty, formerly with the Scottish Union & National office, has engaged with the California Insurance Co. as special agent.

—There were no assessment life or accident companies when the poet Bryant penned these lines:

Loveliest of lovely things are they,  
On earth, that soonest pass away.

—The co-operative underwriters of San Francisco, emulating the example of the Lake marine underwriters, have formed a "hull" pool, too. They take the "hull" of the assessments.

—The Southern California Insurance Co. has entered Illinois, and appointed S. M. Moore & Co., of Chicago, agents for Cook county. This company will further extend its Eastern business this summer.

—The Firemans Fund Ins. Co. is the only California company with an income of a million or more. Its premium income of nearly a million is within a fraction of the combined premium income of the two next largest California companies.

—During 1886 the Connecticut Mutual Life Insurance Co. sold for \$1,014,145 real estate which cost it \$883,697, and which was appraised in 1879 at \$857,529. The total sales of real estate up to January 1st aggregated \$5,866,186 for property which cost the company \$5,152,545, and which on the basis of the appraisal made in 1879 would have brought only \$4,495,152. This is a profit of \$713,641, and a gain over the appraisal of \$1,371,034. This is more than satisfactory.

—J. R. Middlemiss and R. W. Abbott, we are informed, are preparing to bring libel suits against the Coast Review. This is the third libel suit, "awaiting the necessary papers," to be brought against this journal for exposing defaulters. The three would-be plaintiffs are informed that the Coast Review's attorneys are E. W. McGraw and W. W. Foote. We generously and kindly suggest to the light-fingered Mr. Middlemiss and Mr. Abbott that they, too, start an insurance journal in San Francisco.

—The COAST REVIEW is indebted to *Insurance* of New York for a pleasing reference.

—Jno. Baker, a Seattle fire adjuster, has been appointed general agent of the American Surety Co. for Washington Territory.

—Calvert Meade, formerly with the Union Insurance Co. of the city, has been appointed special and adjuster with Manager Callingham of the City of London.

—Twelve wealthy men in San Diego have joined a local agent in that city for the ostensible purpose of transacting a general insurance business. The general agents whom this local agent represents all believe that this irregular co-partnership is not a violation of the Union rules; the general agents who are not represented think it is a violation of the rules.

—Alfred G. Gurrey, special with the London, Northern and Queen, has been selected by Messrs. Newhall & Co. as manager of the insurance department of their business, to succeed Geo. Mel. Mr. Gurrey has been for many years in the office of the London, Northern & Queen, in various positions. His long experience in that office, under Manager Dixon, together with three years of field work as special and adjuster, has well qualified him for the managerial duties he assumes with Newhall & Co.

—Rolla V. Watt has been appointed to succeed Smith & Moody in the general agency of the American Central, Amazon and Pacific insurance companies, and the city agency of the Sun Fire Office. Mr. Watt has been engaged in the insurance business in this city for the past five years. He has built up a fine city business, and has done enough field work to pretty well acquaint himself with local agencies and local hazards. He is, moreover, a thorough student of insurance principles, practice and current literature. His appointment to the general agency was a very judicious one. Mr. Watt has appointed R. D. McElroy as the city agent for his companies. Mr. McElroy's office will be at No. 4 of the Phelan Block. The general office will remain at 317 California street, where Mr. Watt has re-arranged and re-furnished things.

—The Mutual Life Insurance Co. of New York is preparing to enter Japan.

—T. A. Cook, for some years in the office of the Pacific Insurance Union, has been appointed a special agent with Manager Donnell.

—The saloonkeeper can honestly advertise bar gains in his shop; but like the hat-passer, the bargains are for the wrong fellow. The buyer never gets a bargain at either place.

—The United Life and Accident Association of New York, which began business January 2, 1886, and is operating in San Francisco, has 1,260 members, incurred six losses last year, paid only two of them, and still owes \$21,000 for the remaining four.

—John Rae Hamilton, for many years identified with the insurance interests of this Coast, and for eight years the manager of the Commercial Union Assurance Company in this field, died at his mother's residence in Canada last month. He left this city three years ago in ill health, and his death was not unexpected by his numerous friends.

—It will hardly ever pay life solicitors to bestow time or thought upon a man who exhibits strong prejudice against life insurance *per se* or the companies. Usually he has cultivated such prejudice to justify a prior resolution to not insure, and no amount of facts, nor the clearest reasoning, will move him to recede one bit from the foolish position he has taken. Time expended upon such selfish and willfully prejudiced men is wasted.

—During General Agent Geo. C. Pratt's recent visit to Japan and China arrangements were made with the following named gentlemen to act as representatives for the California and the Union of New Zealand: Russell & Co., of Hongkong, both companies; Maitland & Co., of Shanghai, the Union; Fargo & Co. of Shanghai, the California; and Frazer, Farley & Co., of Yokohama, both companies. All these gentlemen are authorized to do a fire business. Arrangements are also being made for the transaction of a marine business at these points, by both companies, with the same or other representatives.

—The *Monitor* is printing a series of interesting articles on tornadoes.

—Incendiaries have been actively at work in Santa Rosa lately. Two incendiary fires occurred in one day last month.

—The Northwestern Mutual Life wrote one-third more new business for the first quarter of 1887 than for the first quarter of 1886.

—Carr & Praeger of Los Angeles have discontinued the insurance business. Mr. Carr is now an employee in the postoffice in this city.

—What is needed now is an interstate law which will prevent lotteries and co-operatives from indulging in "long hauls." They catch too many gudgeons in their nets.

—A clever story in a New York illustrated weekly, of recent date, was entitled "The Hat That Jim Bought." We read it under the impression that Jim was a member of, or had bought, an assessment insurance company.

—When Henry Ward Beecher died he carried \$25,000 insurance on his life. A week later it was \$50,000, and still later it was \$100,000. The *COAST REVIEW*, not to be outdone by journals which may have the "last say," hereby announces that the dead divine had a quarter of a million dollars on his life.

—Last month, in following a method adopted in segregating the Coast agency figures, we did injustice to several city agents in our table of the city business. Considerable of the city business transacted by some city agencies was necessarily credited to the general agencies, as in the original table from which we made up our totals; but Conrad & Maxwell might properly have been credited with \$25,323 premiums for the Oakland Home and Traders, which they represent; and a similar credit \$74,507 should have been given to A. C. Donnell & Co. for the three companies represented by them. The table printed last month merely gave the city premiums passing through the general agencies, and did not purport to be a table of the business of city agencies.

## PACIFIC COAST BRANCH

## SOUTH BRITISH

FIRE

MARINE

Insurance

Company.



**CAPITAL, - - - - \$10,000,000.**

Unlimited Liability of Shareholders.

**J. D. MACPHERSON, Manager.**

W. P. THOMAS, Superintendent of Agencies.

*213 & 215 SANSOME STREET, SAN FRANCISCO.*

London Office, 2 Royal Exchange Avenue, Cornhill, E. C.

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**MAILLIARD & DICKSON,**  
 General Insurance Agents,  
 405 CALIFORNIA ST., SAN FRANCISCO.  
 SECURITY INSURANCE COMPANY OF NEW HAVEN.

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CITY DEPARTMENT.

London Assurance Corporation,  
 Queen Insurance Company.

Northern Assurance Company,  
 Connecticut Fire Assurance Co.

**Total Assets Represented, over \$41,000,000.00.**

# THE COAST REVIEW

A MONTHLY JOURNAL

DEVOTED TO

FIRE, MARINE, LIFE AND ACCIDENT INSURANCE

J. G. EDWARDS, PROPRIETOR,

320 Sansome St. (Room 13), San Francisco, Cal.

VOL. 22.

JUNE, 1887.

No. 6.

## PUBLISHER'S NOTICE.

Terms: \$3.00 per year; single copies, 25 cents; postage added to all foreign subscriptions. February copies to non-subscribers, 50 cents.

Subscriptions discontinued on expiration only when so ordered by subscriber.

Post office boxes or street and number should be added to address to secure a safe delivery.

Discontinuance, or errors, or changes in address, should be reported to the COAST REVIEW, and not to the post office. Repeat order if necessary. Subscribers and others who may take this journal from the post office or carrier are legally responsible, notice of discontinuance of subscription notwithstanding.

Subscriptions may begin with the January number, if so desired. Unless otherwise ordered, however, subscriptions will begin with the current issue.

Postage, when not sent from this office, is 2 cents per copy.

Correspondence invited. Write on one side of paper only. Be specially careful with names and dates.

Our readers are requested to send us court decisions and newspaper clippings relating to underwriting interests.

Communications, new advertisements and changes in old advertisements should be handed in before the 1st of the month, or as soon after the 1st as possible.

The COAST REVIEW will be mailed about the 8th of the month.

Advertising rates made known on application.

## SHORT AND LONG HAULS.

"IT PASTE TO BE HONEST."

While it is a matter of necessity that the companies should exert their best energies in curtailing the cost of obtaining business, it is also important that they should pay some attention to securing a reduction of the fire losses. The mill mutuals of New England have shown them how this can be done to advantage, and to some extent the example set by these mutuals has been followed. It may well be prosecuted still further, and must be before the profits of fire underwriting can be restored to the place they occupied some years ago.—*Spectator*.

The agent who talks insurance because he feels its true benefits is the man who must always carry with him the power that springs from a lofty purpose fully felt, and impress that power upon all with whom he is brought in contact.—*N. Y. Review*.

The "Knights Militant," of Detroit, a co-operative association which has been attempting to transact a life insurance business for five or six years, is in a moribund condition, and will probably wind up its affairs shortly. Its membership has fallen

off 434 during the past year, and January 1st it had but 782 members in its three classes. When in the height of prosperity the company was able to pay \$1,453 on a certificate of \$2,000. It has apparently been honestly managed, and has simply been forced into retirement by the inevitable law governing such organizations.—*Indicator*.

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"Love one Another."

If your friend Jones is persuaded by the agent of the Bungtown Mutual to take a policy in that company, don't get furiously mad because the agent has proved to be more adroit, wide-awake and quick-witted than you are yourself, and don't in a fit of indignation go to Jones and tell him he has made a fool of himself by consenting to membership in such a weak, tottering, sickly, semi-paralytic and weather-beaten concern as the Bungtown, when you know all the while that the Bungtown is as strong and solid as your own company. For by such misrepresentation you may unsettle Jones' confidence in all companies. Rather say to him, "Old fellow, you have done well; you are in a company that pays one hundred cents in the dollar; I'm only sorry I wasn't lucky enough to have you come into my company; but, of course, you'll want additional assurance after awhile, and when you do, don't forget me." Ten to one, he will not forget you.—*Baltimore Underwriter*.

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Lloyd's.

We often hear assured persons bragging of the rate of premium and the advantageous conditions that they obtain of the underwriters of Lloyd's, and we do not hesitate to say that the greater part of them do not take into the slightest account the kind of guarantee which is given them in exchange for such favorable premiums as they pay. Many imagine that Lloyd's is a vast insurance company, offering all the guarantees of a regularly constituted society. It will, perhaps, be useful to enlighten them, and to remind them that Lloyd's is nothing of the kind. Lloyd's in London is simply a rendezvous where underwriters meet and discuss insurance matters and underwrite

risks. The members of Lloyd's number about 600, each of whom underwrites risks on his own account; but the whole body are not responsible. Generally the members form themselves into groups, and give to one of them the power to undertake and sign for risks on behalf of the group, each accepting such a proportion of the risk as may be determined in advance. Ordinarily the members of Lloyd's occupy themselves with commercial matters, and, secondarily, with assurance matters, so that, in addition to the chances resulting from the underwriting of risks, the members of Lloyd's are subject to the chances of commercial, manufacturing, maritime or financial operations. These are the points, then, which policyholders ought to have present in their minds when offers of low premiums are made to them in the name of Lloyd's. *L'Argus*.

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Make Friends.

The settlement of claims is a splendid opportunity for obtaining fresh assurances in connection with a death and the payment of the policy moneys. An interview with a trustee, the widow, or friend, may be turned to good account even when there is no opportunity to broach the subject on the spot; an agent may so ingratiate himself by a courteous and obliging manner as to secure a welcome when he shall present himself on another occasion. A business man should make friends; wise men have said they could not afford to make enemies, but to induce a friendly feeling in all with whom they came in contact is only part of the agent's business.—*Insurance Agent*.

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Cheeky.

A story is told of a man who having bought a suit of clothes at a store where they received back goods that did not suit and refunded the money, after wearing them a week returned them, got his money and then asked to be paid his car fare for his two trips to the store. But we can beat that in an insurance case of recent occurrence. A party sustained a total loss under a policy within a month of its issue and was paid in full. He then reminded the agent that as the policy had been in force

less than a month, there should be a return pro rata of the premium of the eleven months intervening before its expiration. He would, however, accept a transfer to cover another property of about the same value. He claimed that the agent would have accepted the risk for one month's premium, and therefore the return of eleven month's premium to him was right and proper. Demands upon insurance companies quite as unreasonable as the above are often made and recognized.— *Cincinnati Price Current*.

#### Shoe Factory Risks.

One of the chief dangers inherent to shoe factory risks is the use of rubber cement in manufacturing. Fire underwriters have required the removal of this combustible in bulk from the buildings at night, and manufacturers have generally complied, placing their cement in a detached vault or other suitable isolated receptacle. Heretofore inspectors have deemed this a sufficient precaution, but some of them now believe that there lies as great if not a greater danger in the careless disposal of the pots, cans, brushes and ladles used in the application of the cement, and left at night with more or less of that article adhering to them, in all manner of exposed positions. These small quantities, a certain New York inspector contends, are more easily ignitable than the substance in bulk, and he proposes a simple and practical method for the safe disposition of the tools: namely, a metal or tin lined, tightly covered tank of proper dimensions, such as painters use, filled with water, and in which the tools could be immersed while not in use. This use of this inexpensive and effective device should be insisted upon by all companies writing shoe factory risks.— *Standard*.

"Hello, Charles, what are you doing now?" "Nothing. You see, we had a fire down at our store." "You did?" "Yes; I was fired."

French life companies have raised the extra premium for Tonquin from 4 to 10 per cent., and decline to carry policies on visitors to Panama at any rate.

#### Rate of Interest.

Concerning the first topic, it is necessary to premise that premiums are so calculated that they will, with their accumulations of interest, exactly suffice, on the average, to pay the amounts of the respective policies as the fall due. In this country the annual rate of interest usually chosen for this purpose is four in a hundred. Take the single premium for an ordinary life-policy at any age, add to it a year's interest (at the rate used in computing the premium), from the sum deduct the proportionate amount of loss occurring in that year, according to the same mortality table used in computing the premium, and so continue to improve with interest and diminish by loss, year by year, to the end of the table, and it will be found that the sum in hand at the end of the last year in the table is the exact amount of the policy, in theory then payable. It is the same with the annual premium, which is merely a yearly installment of the single premium, increased sufficiently to make up for loss of payments caused by death and loss of interest by deferment. At any age the present value of all the future annual premiums is identical with the single premium. Hence, if we start with the annual premium, add a year's interest, deduct the year's decrement, then add the annual premium and a year's interest on the sum, deducting the second year's loss, and so proceed through the table, the result reached at the close will be, as before, the amount of the policy.

The application of the above is to show what part of a matured life-policy is strictly premium, or advance, and what part is interest. Where the premium is one payment, the entire difference between it and the amount of the matured policy is interest accumulation. And where the premium is annual, a much larger portion consists of interest, because of the deferment of the payments by an equal distribution among the years of life. At age thirty-five the single premium for the assurance of \$1,000 at the end of the policy-year in which the life fails, is \$340.601, reckoning interest at four per cent., and mortality by

the actuaries' table. This is the net or cost premium. The accumulated interest upon this payment, or \$659,399, makes up the amount, viz: \$1,000. Thus it appears that, at the average age of entry, about two-thirds of the sum assured accrues from interest. And it is also plain that unless the rate of interest by which the premium is computed be fully realized by the assurer, the sum needful to meet the claim when it matures will not be ready. Interest is seen to be the essence of the contract, and the vital force effecting its performance.

For many years there has been appended to the commissioner's annual report a table showing the rate of interest realized by each company on its assets, and the same table (No. 16), is furnished this year. But inasmuch as the amount of the assets is not the principal sum upon which the interest must be earned, but may be greater or less than such sum, the table is of little value. Therefore, another table, No. 17, has been prepared, which will better serve the purpose. By the theory, the rate of interest employed in framing the premium must be annually realized on the net premium and reserve combined. The mean amount of net premium received in 1885 and 1886, and the reserve at the beginning of 1886, have been taken. The net premiums have been estimated (in all but two cases), by discounting twenty per cent. from the office premiums. This assumes that the loading is twenty-five per cent., which must be as large as the average loading on all kinds of policies. For two offices, almost exclusively engaged in industrial assurance, so called, a discount of fifty per cent. has been made, which pre-supposes a loading of 100 per cent. The estimated net premium and the reserve are combined in one sum, and the requisite four per cent. computed thereon. In another column is then given the amount of interest actually realized, and finally the rate per cent. thereof.

This table exhibits approximately the amount of interest which each office should have earned during the year 1886, and the amount and rate which it did, in fact, earn. Also the aggregate results for the various offices in groups, and all combined. It is

not an infallible guide, but is a much more reliable one than the other table.

The rate realized in 1886 by all the companies taken together was 5.34 per cent., or one-third more than required. And, looking at this substantial margin, it may appear that there need be no present concern regarding the rate of interest now current, or even if the gradual decline should continue. But the intelligent investigator will not fail to observe that a considerable portion of this interest was derived from surplus funds, which the companies are not required by law to retain, but are at liberty to distribute among policy and stockholders. The effect of such distribution would be to reduce largely the rate of interest realized. How largely, may be found by a simple proportion. As the sum of the reserve and a year's net premium is to the amount of surplus funds, so is the rate realized to the portion of that rate derived from the surplus.

\$489,881,861 : \$66,086,531 : : 5.34 : .72.

Were the surplus divided, the rate realized, instead of being 5.34 per cent., would be but 4.62 per cent., which is sufficiently low to cause alarm regarding the future of their long contracts.

The natural remedy, and the one easiest in operation, to counteract the effect of the fall in the rate of interest, seems to be to provide by law against the reduction of the present proportion of surplus by dividends; and also that after a fixed date, not remote, say the end of the year 1890, no dividends shall be made except of surplus beyond all liabilities, the reserve liability to be computed for this purpose at three per cent. This raises no new standard of solvency, and induces no arbitrary rule for valuing the assets. It does not even establish a new basis of reserve, excepting for the sole purpose of declaring what are visible profits; and it would only operate to raise the reserve gradually to the point of safety.

The tendency of life insurance offices is to divide too much; whilst in mutual fire insurance offices the opposite tendency prevails. The latter class of offices should not be allowed to retain a surplus in excess of the entire premiums received on risks out-

standing. All beyond that belongs to the policyholders, who could by suit enforce restitution.

The valuing of assets by the rate of interest which they bear is objectionable in many ways, besides being next to impracticable in business, but the limit of this paper does not permit a discussion of the merits of the scheme. Suffice it to say that, by this method of arbitrary and fictitious appraisal, the most desirable securities would bear the least value (ten or twenty per cent., possibly, below their real or salable value); and a new company, with a stock capital of a million dollars invested in securities the safest and most desirable for such a concern to hold, would find itself insolvent before it had issued a policy, or assumed a dollar's liability.

The better way seems to be to increase the weight of the reserve, rather than to decrease the weight of the assets.—*J. H. Sprague, Actuary Conn. Ins. Dept.*

### Hawaiian Islands' Trade.

EXTRACT FROM A PAPER BY F. S. BUTLER,  
READ BEFORE THE ASSOCIATION OF MARINE  
UNDERWRITERS OF SAN FRANCISCO.

In presenting statistics of marine business in the route between San Francisco and the Hawaiian Islands, and also in the Inter-Island route, extending over a period of five years from July 1st, 1881, it will be observed that a large profit is shown, owing to the fact that the company furnishing these figures fortunately has not been interested in two of the largest losses that have occurred at these Islands, otherwise the profit would be considerably reduced.

The general formation of the coast of the various islands comprising the Hawaiian group is precipitous and rocky, and, with the exception of a few places, the cliffs are from one hundred to two hundred feet above the sea.

At the majority of the plantations the manner of shipping sugar is by an inclined tramway leading from the top of the cliff to a landing at the bottom, where it is swung on lighters by a swinging crane and thence put aboard the vessel, there being only two

or three places where sugar is loaded directly from the beach to the lighters.

The prevailing winds are the northeast trades, which blow during the greater part of the year; the west winds setting in about the first of January and continuing until May, when the trades again commence.

During December and January severe southwest storms arise, which are called "konas," and are frequently of such violence as to cause the inter-island trade to be suspended for a week at a time.

As to the weather generally between San Francisco and the Hawaiian Islands, and the marine risks consequent to vessels in that trade, they are considered by underwriters to be of the best; and, as far as I can learn, I can find no record of any vessel having been lost, or serious damage sustained by one between those ports; the chief danger seems to be in the inter-island trade.

\* \* \* \* \*

The loss of the *Pomare* was one liable to happen to any vessel in the trade. She was lying at her moorings at Kahului, partially loaded, when a storm suddenly arose and forced her on the rocks, becoming a total loss.

The partial losses, of which there have been two, were small ones—being in each case the total loss of a lighter load only—and considering the manner of loading by lighters, and the period of time over which these statistics extend, it would seem that the liability of insurance companies under the "Lighterage Clause," is not such a hazardous one as many of our underwriting friends would make it appear.

The final loss to record is the one of the steamer *J. I. Dowsett*, on a trip from Kuan, Island of Maui, to Honolulu, which vessel was in collision at night with the schooner *Mau Waihini*, which cut her down, causing the steamer to sink an hour after—the schooner arriving at Honolulu in a damaged condition.

In conclusion, I may add that I trust we may always have as satisfactory results from this business, and that we may refer to the Hawaiian Islands' trade as one which has given the underwriters a profit among their many, at present, unprofitable ones.

### Missouri's New Co-operative Law.

The Missouri legislature recently enacted a salutary law governing assessment insurance. The principal features of the new law are summarized as follows by Insurance Commissioner Carr in his annual report:

1. The business of issuing contracts whereby a benefit is to accrue on the death or physical disability of a person named therein, the payments for which are to be derived from assessments, shall only be carried on in this State by companies organized under this act.

2. Not less than seven persons may incorporate, through a Circuit Court and the office of the Secretary of State, after the Superintendent of the Insurance Department has certified to the fulfillment of certain stipulations in the preliminary organization. No company can do both life and casualty business.

3. Every certificate of membership or policy shall specify an exact sum of money to be paid upon the contingency insured against; and if a company shall fail to pay in full it shall cease to do business.

4. Every company shall accumulate and hold in trust an emergency fund, which in case of life companies shall be equal to one full assessment, and in the case of casualty companies equal to the amount of the maximum policy issued by them. This fund is to be deposited with the Insurance Department, and may be drawn upon to supply death losses in excess of the American rate of mortality. If such drafts create a deficiency in the fund it shall be made good within the next ensuing six months.

5. Companies of other States may do business in Missouri, upon making certain statements of condition and affairs, and furnishing a certificate that it is paying and has paid, during twelve months preceding, the maximum amount named in its certificates in full, and certain other papers showing the standing of the company in its home State, and the legality of its trust funds. Certificates of authority shall be revoked when the Superintendent is satisfied that companies are not paying their policies in full. Such companies are required to deposit in the Department one thousand dol-

lars to secure the State in costs of prosecutions for violations of the law, or costs of examinations.

6. No policies shall be issued on lives over sixty, nor as endowments, nor to beneficiaries without insurable interest. Every call for payments shall state distinctly the purpose of the assessment.

7. Benefits are exempt from attachment, and are not liable for debts of the policyholder or beneficiary.

### A Frank Confession.

In Dubuque, Iowa, there is an assessment insurance organ which has lately regained or newly gained a fair share of the common senses allotted to mankind. This assessment journal, the *Advertiser*, has discovered a fact which our readers have long known, to-wit: that assessment insurance or the system of collecting premiums after death as now conducted in the United States is a fraud and a failure. The *Advertiser* man manfully confesses it, and calls for a reform. What he says, as printed below, has been often said by the "old-time" journals; but his confession is of value as proceeding from an old champion of an exploded idea. We quote:

"The after death assessment insurance companies and associations are numbered by the hundreds throughout the United States to-day, notwithstanding the fact that the wrecks of such concerns are daily being brought to the notice of the insuring public. Every newspaper we take up contains the stories of how assessment insurance companies assessed not wisely but too often and too well. How the long-suffering public were deceived by the magnificent promises and the petty performances of pseudo insurance companies based on the plan of levying an assessment on the living members to pay the beneficiary of the dead member. The after death assessment 'mutual benefit' scheme has been worked long enough for the public to see and know that 'mutual benefit' in a majority of such concerns means the mutual benefit of a number of insurance sharks and needy adventurers.

"Reputable business men could be

found to further and encourage their attempt at running an 'insurance-joint,' so they worked up public sentiment, subsidized any opposition to them, sent circulars abroad containing a glowing prospectus of their aims and objects. The names of wealthy, honorable men appeared on their literature. Agents were sent out, the local papers boomed 'this new and grand enterprise in our midst.' 'Why send your money to fill the coffers of the Eastern stockholders?' 'Keep your money at home.' 'We are personally acquainted with the President of the Mutual Benefit and Mutual Admiration Association of our city, and we know him to be a man of honor and integrity,' etc., *ad nauseam*.

"Time rolls on; death after death occurs, assessment after assessment is levied, members lapse, a panic ensues, the company is unable to pay its claims. The Hon. President and most of the directors resign, 'owing to ill health.' The manager is visiting a relative in New York—some say he's gone to Canada; later, he is, and has the 'boodle' in his grip-sack. Query from him: 'What are you going to do about it?'"

### A Honolulu Supreme Court Decision.

This was an action brought before the Honolulu Supreme Court, by Charles Michiels of Honolulu against the Hartford Fire and two other insurance companies, to recover \$10,000, the amount of insurance on his stock of merchandise, burned in August, 1886. A few days before the fire he had made a bill of sale of his stock and fixtures, in order to furnish security to the parties who acted as bondsmen for him in an opium case in which he was defendant. There was no money transaction. The defendants moved for a nonsuit on the ground of the transfer of the insured property without consent as required by the contract. The Court rendered the following decision:

The question argued and submitted to the Court is, whether a nonsuit should be sustained on account of an assignment of the property having been made, by a bill of sale, and the policy thereby rendered void. As against the *prima facie* conclusion that

a forfeiture has been made by the change of title, the counsel for the plaintiff adduce authorities to the effect that where an insurable interest remains in the insured he may recover, although he may have mortgaged his entire interest, or even have assigned it in trust or conditionally.

An argument based upon the general principle that the company is liable so long as an insurable interest or an equitable interest remains in the insurer, would not apply to the case of a contract including express provisions for forfeiture in the event of any transfer, made without the consent of the company and endorsement on the policy of an assignment of the policy following the assignment of the property.

It would appear that modern insurance policies and the one in this case had expressly guarded against the doctrine of insurable interest. The clauses in the defendant company's policy, on which are based the motion for nonsuit are as follows:

If any change takes place in the title or possession of the property, whether by sale, transfer, conveyance, legal process, etc., or if the assured is not the sole, absolute and unconditional owner of the property insured, then and in every such case this policy shall be void.

I understand that the second condition quoted expresses the state of facts which must exist when the policy is issued. Now, has any change taken place in the title by the execution of the bill of sale? In its terms it is an absolute conveyance to him of the property covered by the insurance. Giving it the most favorable construction asked for by the plaintiff, that it is a conditional sale, an unrecorded chattel mortgage, if the instrument has any effect and is not a mere futility, it must be held that the title of Mr. Michiels was changed thereby. He was no longer the unconditional owner. Mr. Whiting (to whom the bill of sale was given) held a title upon which he could make a valid sale to a third party having no notice of any equities in the case. The terms used in the clause are very comprehensive. Any change in the title, by sale or transfer. In the Michigan case cited it is said the words *transfer* or *change* of title are more comprehensive than the word *sale*. A sale is upon a valuable con-

sideration, but there may be a transfer or change of title without a sale.

Upon the most favorable construction to be given to this bill of sale the plaintiff has violated an express condition of his contract and thereby released the defendant. The motion for nonsuit is sustained.

### An Unquestionable Decision.

SAN FRANCISCO, May 23, 1887.

Editor Coast Review:

A contemporary of yours lays special claim to public patronage as a correct exponent of any legal question on insurance that may be discussed in its pages. In its issue for April it devotes three long columns to the examination of a recent decision of the Supreme Court of this State, which it characterizes as "questionable," and attempts to prove unsound.

It seems that two grocers named Kruger took out a policy in the Western F. & M. Insurance Company of California, amounting to \$1,500 on their stock in trade. The policy contained a clause declaring that the company would not be responsible for any loss occurring while petroleum and its products were kept stored or used in or on the premises, "*any custom or usage of trade or manufacture to the contrary notwithstanding.*" When the policy was left with the Krugers for examination, they objected to it because it contained this clause, and declared they would not take it until the soliciting agent told them that the small amount of coal oil kept by them would not affect their right of recovery under the policy. Then, and not until then, they accepted it.

This policy expired in August, 1882. It was then renewed, and in 1883 was again renewed. Under this state of facts a fire occurred on the premises, there being at the time, as a part of the stock in trade, some coal oil in a ten-gallon tank. On being sued, the company pleaded the clause in question as exonerating them from liability. The Court overruled the plea, and the Krugers obtained judgment, which the Supreme Court affirmed on appeal.

When the Krugers stated to the soliciting agent in 1881 that they kept on their prem-

ises coal oil, a product of petroleum, the statement so made to the agent was a statement made to the company. The company, with knowledge of the fact, issued the policy and received the premium. What did they mean by so doing? Did they mean that they knew the policy was void but were determined to retain the premium notwithstanding? Was it a case of *insurance without risk* on their part?

Our Supreme Court, seven years ago, in the case of *Fishbeck v. The Phoenix Insurance Company*, 54 Cal., 422, gave this doctrine its *quietus*. There, an agent, knowing of other insurance, had delivered a policy which declared on its face that it should be void if such other insurance existed. The Court held that the act of the agent estopped the company from setting up such a defense. This is the doctrine of the Kruger case, and is in accordance with the decisions in New York, Iowa, Connecticut, and the Supreme Court of the United States.

As to your contemporary's objection to the decision on the ground that what took place between the Krugers and the agent occurred on the delivery of the original policy, and therefore could have no effect on the renewed policies, it is wholly untenable. It was certainly unnecessary to repeat to the agent at each renewal a fact which the company knew through the communication made to the agent who delivered the first policy. As they already knew it, where was the use or necessity of repeating it? The expiration of the first policy did not justify the company in forgetting a fact of which they had already received notice when that policy was issued. They were bound to know the fact when they issued the subsequent policies, without being reminded of it in each renewal.

The policy in question was evidently framed with the intention of steering clear of that class of decisions in which it has been held that where a stock in trade is insured a general provision to the effect that the keeping of a certain article or articles (which by custom constitute a part of such stock in trade) shall forfeit the policy, will from the very nature and object of the con-

# Continental Insurance Co.

NO. 100 BROADWAY, NEW YORK.

STATEMENT, JANUARY 1, 1887.

Cash in Banks and on hand ..... \$336,880.97  
 Loans on Stocks and Bonds, (market value, \$123,800) ..... 70,300 00  
 Loans on Bond and Mortgage (on real estate worth \$720,600) ..... 304,810.00  
 U. S. and other Stocks and Bonds owned by the Co. as follows:

900,000 U. S. REGISTERED 6% Bonds.....	\$1,193,990.00	
225,000 " " 4% ".....	285,000.00	
250 Shares American Exchange National Bank.....	33,750.00	
60 " Bank of America.....	11,730.00	
50 " Bowery National Bank.....	10,000.00	
1200 " Mechanics' National Bank.....	49,500.00	
250 " Mercantile ".....	33,750.00	
350 " Merchants' ".....	23,100.00	
200 " Metropolitan ".....	6,600.00	
100 " Nassau Bank.....	6,750.00	
622 " Phenix National Bank.....	13,186.40	
180 " St. Nicholas Bank.....	20,880.00	
200 " Central Trust Co.....	85,000.00	
1500 " N. Y. & Harlem R. R. Co.....	165,000.00	
\$50,000 Cedar R'pds, Ia. F'l's, & N. W. R. R. 1st Mtge. 6% Bd's....	54,000.00	
100,000 Cent. R. R. & Bkg. Co. of Ga. (tripartite) 1st Mtge. 7% B'ds.....	112,000.00	
100,000 Chi. Rock Isl'd & Pac. R. R. Co. Coll. & Ext. 1st Mtge. 5% B'ds.....	109,500.00	
50,000 Chi. Mil. & St. Pl. (Chi. & Pac. Div.) 1st Mtge. 6% B'ds....	58,500.00	
50,000 Chi. & N. W. Sinking Fund Reg. 1st Mtge. 6% B'ds.....	58,500.00	
100,000 Chi. St. Paul, Minn. & Omaha R.R. 1st Mtge. 6% B'ds.....	122,500.00	
50,000 Columbia & Greenville R. R. 1st Mtge. 6% B'ds..	54,000.00	
50,000 Elmira, Cortland & Northern, pref. 1st Mtge. 6% B'ds..	50,000.00	
50,000 Erie Railway Co. con. 1st Mtge. 7% Bonds.....	67,500.00	
135,000 Ind. Bloomington & Western pref. 1st Mtge. 7% B'ds....	152,550.00	
50,000 Mil. Lake Shore & Western R. R. 1st Mtge. 6% B'ds.....	59,000.00	
50,000 Morris & Essex R. R. con. 1st Mtge. 7% B'ds.....	67,500.00	
50,000 N. Y. Central & Hudson R. R. way Co. Deb. 5% B'ds.....	54,500.00	
50,000 N. Y. Lack. & West. R'way 1st Mtge. 6% B'ds.....	93,750.00	
75,000 N. Y. L. E. & West R. R. 1st Mtge. 6% prior lien B'ds....	55,000.00	
50,000 St. Paul, Minn. & Manitoba, R. R. 6% B'ds, (Dak. Exten.)	118,000.00	
100,000 St. Paul, Minn. New Bonds, Class "A," 1906.....	10,600.00	
12,000 Alabama New Bonds, Class "Brown" Bonds, 1893....	12,840.00	3,251,476 40

Real Estate owned by the Company..... 693,500.00  
 Premiums in course of Collection..... 232,876.40  
 Bills Receivable, not matured for Fire and Inland Marine Premiums. 307,742.89  
 Interest and Dividends (payable this date)..... 36,894.62  
 Rents accrued..... 5,500 00

Total Assets..... \$5,239,981.28

Reserve for re-insurance..... \$2,383 800.53  
 (of which for Inland Marine \$32,950)

Reserve for Commissions, Taxes, etc. .... 30,000.00  
 " for losses and all other claims..... 451,323.82

Capital paid in, in Cash..... 1,000,000 00

Net Surplus..... 1,374 856.93 \$5,239,981.28

**HUTCHINSON & MANN,**

General Agents,

322 & 324 CALIFORNIA STREET, SAN FRANCISCO, CAL.



tract be deemed waived. Had it not been for that part of the clause italicized above, the case would obviously have been governed by this rule. Does the italicized part of the clause prevent the operation of the rule? Clearly not. What "*usage of trade*" is there "*to the contrary?*" "*The contrary*"—of what? To the contrary of keeping coal oil as part of a grocer's stock in trade? Certainly not, for the clause recognizes that very usage. What the author of the clause intended to say, but has not said, was: "*Any rule of law to the contrary notwithstanding.*" That is to say, the object of the clause was to deprive the assured of the right of setting up as a defense that coal oil was by established usage a part of the very stock in trade insured by the policy. But this object the language used entirely fails to express. The italicized words are simply nonsense.

The decision in the Kruger case seems much less "questionable" than the comments of your contemporary. X.

### Proofs and Arbitration.

We print this month the recent decision of the Supreme Court in the case of *Carroll v. The Girard F. Ins. Co.* The policy required notice of loss and a certificate from a notary or magistrate. These things were not done, but the company did not object, and it joined in arbitration. The defendant company objected, after the award, on the ground of want of notice and preliminary proof. The time for such notice and proof had then expired. The Court therefore ruled that the "formalities mentioned must be considered waived." By submitting to arbitration, the company seemingly intended to dispense with preliminary formalities; and the assured had a right to rely upon this manifestation of intention.

The defendant company set up the award of the arbitrators as determining the amount of the loss, and this position was sustained by the Court. The policy provided that the award of the arbitrators should determine the amount of the loss. It was held that the action must be for the amount as fixed. The award is a necessary element of the cause of action. The complaint made

no mention of any award; hence it did not state a cause of action, and the demurrer should have been sustained. Leave was granted to plaintiff to amend.

### California Supreme Court Decision.

*CARROLL v. GIRARD FIRE INSURANCE COMPANY*; CALIFORNIA S. C., MAY 20, 1887.

Action upon a policy of insurance; verdict and judgment for plaintiff. The grounds for reversal urged by counsel for appellant may be reduced to two:

First—The policy requires that in case of loss the assured shall "*forthwith*" give notice thereof, "*and shall also produce*" a certificate from a notary or magistrate to the effect that he has examined into the circumstances, and believes that the assured has sustained the loss without fraud on his part. These things were not done. But the evidence shows that when the claim was brought to the attention of the company it made no objection on account of the absence of the notice and preliminary proof, but went on and joined in proceedings for determining the amount of the loss by arbitration. These proceedings were required by the policy to be taken to determine the amount of the loss, "*after proof thereof has been received in due form.*" They culminated in an award fixing the loss at a certain sum. The first we hear of an objection on the ground of want of notice and preliminary proof is in the answer filed by the company in the action. And by this time the period for giving the notice and making the proof had certainly expired. We think that under these circumstances the formalities mentioned must be considered waived. By joining in the proceedings to fix the amount of the loss, the company manifested its intention to dispense with preliminary formalities. The assured had a right to rely upon this manifestation of intention. And to say that the company all along intended to require the notice and preliminary proof, and to take advantage of their absence after the time for giving them had expired, is to impute to it a want of good faith and fair dealing which we will not assume.

The counsel for appellant urges several reasons against this conclusion, viz:

a. That those who acted for the company had no authority to waive any condition of the policy. But the company does not repudiate the acts of those who acted for it in this regard. On the contrary, it adopts them and shelters itself behind the award which was the result of such acts. It is plain that it can do this without accepting all the consequences of the acts.

b. It is said that the submission to arbitration provides that "this appointment is without reference to any question or matters of difference within the terms and conditions of the insurance, and is not to be taken as any waiver upon the part of said companies of the said conditions in their policies in case they elect to avail themselves of them." If this means the right to object on account of the absence of preliminary steps was to be reserved until after the time for taking them had expired, it is certainly is a very crafty document. But we do not think such is its meaning. The proceedings for fixing the loss were, as we have seen, not to be commenced until after the preliminary steps have been taken. And the language of the submission is that the appointment is to be without reference to "any other question within the terms and conditions," etc., and the proviso that it "is not to be taken as any waiver of said conditions." We think, that taking all the circumstances into consideration, it is a fair construction to hold that the proviso as to waiver refers to the conditions other than the ones relating to the appointment of the arbitrators and those superseded or waived thereby. But however this may be the language of the proviso relates only to the effect of the "appointment" of the arbitrators, and does not extend to subsequent proceedings. And by going on and completing the award and setting it up as a defense the company waived the preliminary steps under the principle first above laid down.

c. It is urged that the policy provides that "no condition, stipulation, covenant or clause hereinbefore contained shall be

altered, annulled or waived.....except by writing indorsed hereon, or annexed thereto, by the president or secretary with their signatures affixed thereto." But this condition is of no more sanctity than any other conditions of the policy. Like any other provision for the benefit of the company, it could be waived, and we think that so far as the notice and certificate are concerned it was waived by the submission to arbitration and the subsequent proceedings.

We are of opinion, therefore, that the defense founded upon the want of notice and certificate is of no validity.

2. The defendant set up the award of the arbitrators determining the amount of the loss, and we think that its position in this regard must be sustained. The policy provides that: "In case differences shall arise touching any loss or damage, after proof thereof has been received in due form, the matter may, at the written request of either party, be submitted to competent and disinterested appraisers, one to be appointed by the assured and one by the company, and these two shall select a third if necessary, whose award, by them or any two of them, in writing, shall determine the amount of such loss or damage, but not decide the question of the liability of this company under this policy," and that "no suit or action against this company for the recovery of any claim by virtue of this policy shall be sustainable in any court of law or chancery until an award shall have been obtained fixing the amount of such claim in manner herein above provided."

A similar provision was held to be valid, and to be a condition precedent to any right of action, in *Old Saucelito L. & D. Co. v. C. A. U. Co.* (66 Cal., 253); and this case was approved and followed in *Adams v. South British Insurance Company*. (11 Pac. Rep. 627.) It is argued for the respondent that these cases are not in point, for the reason that the policies there considered contained express provisions that the determination of the arbitrators should be "binding on both parties." But we are unable to assent to this view. The provisions of the policy under consideration seem to us to be

substantially the same as those in the cases mentioned, and to be to the effect that the amount of the loss shall be first determined in the manner specified, and that the action must be for the amount as fixed. And it is no more open to the respondent, after submitting to the arbitration, to say that, as a matter of fact, no "differences" existed, than it would be for the appellant, if it had been dissatisfied with the award, to say that no "written" request for arbitration had been made.

The logical result of this view is that the award is a necessary element of the plaintiff's cause of action. In contemplation of law the promise is not to pay such damage as the insured should suffer, but to pay such sum as the arbitrators should fix as the amount of damage sustained. It follows that the action should have been for the amount of the award, and that the award should have been set forth in the complaint. (See *Morse on Arb. and Award*, p. 95.) The allegation that "all the conditions of said policy of insurance were duly performed and kept by this plaintiff" is not equivalent to setting forth the award, because, as has been stated, the award is a necessary element of the cause of action, and it is not the action of plaintiff, but of third persons.

If a fair award was prevented by the fraudulent conduct of defendant, the complaint should have set forth the acts constituting the fraud.

But the complaint, although it set out the policy, thereby disclosing the provisions as to the award, made no mention of any award having been made or of any reason why not. Hence, it did not state a cause of action, and the demurrer should have been sustained. This not having been done, the defendant's objections to any evidence impeaching the award set up in the answer should have been allowed.

It would not help the plaintiff's case to show that by reason of any irregularity of the arbitrators, such as want of hearing, or the like, the award was void. For, if the defendant could not be charged with participation therein, the result would sim-

ply be that the action was prematurely brought.

The document filed by plaintiff styled "Answer to defendant's cross-complaint," must be ignored, because the defendant filed no cross-complaint. The attempted pleading was, therefore, wholly unauthorized, but even if it could have any effect as an answer to a cross-complaint, could not obviate the defects in the case, it being thoroughly well settled that in order to support a judgment the complaint must state a cause of action.

For these reasons we advise that the judgment and order be reversed, with directions to sustain the demurrer to the complaint, with leave to plaintiff to amend.

HAYNE, C.

We concur: FOOTE, C.

BELCHER, C. C.

For the reasons given in the foregoing opinion the judgment and order are reversed, with directions to sustain the demurrer to the complaint, with leave to plaintiff to amend.

THE COURT.

### Life Policyholders and the Surplus.

Commissioner Tarbox, in his annual report, discusses a proposed amendment to the Massachusetts law, requiring the division of the surplus in excess of a certain percentage, at stated periods, and securing to the policyholder a right to the surplus in proportion to his contribution to it. We quote his argument for this very radical measure as follows:

By existing law a life company *may* periodically divide its surplus to its policyholders whose money produced it, and to whom of right it belongs. It may divide the whole of it or only a part of it, or may hoard up all of it forever. We now propose that the law shall oblige the corporation at the same stated periods as before, to divide to its policyholders all the surplus it accumulates above a certain amount, which it is allowed to retain for the benefit of the common safety; and also, that the policyholder shall be confirmed in his right to a final share in the safety fund, as I term the surplus which is thus accumulated, in proportion to his contribution to it. That is the

proposition, and the whole of it. If it be not just, I am deficient in moral perception.

Now, what is the surplus of a mutual life company? It is that portion of the premiums paid by the policyholders left after the payment of current losses and expenses, and providing for the reserve, which is the fund that the law and experience has judged and found sufficient to assure the company's ability to carry out its contracts. Were it possible to know in advance exactly what the cost would be, the mutual policyholder would pay in his premium just his share and no more. But as that is not possible, he pays to the common fund a sum larger than his probable share, as do his associates, and when, after the cost is ascertained and paid out of the common fund, a balance is left, that is surplus. An actuary might define it differently, but not more intelligibly. Now, what produces the surplus? Of course, in general, the premiums produce it. But more specifically, where does it come from?

*First.* The company must add four per cent. to its reserve. If its assets earn more than four per cent., the excess is surplus.

*Second.* A portion of the annual premiums is set apart for the payment of the death losses which, by the table calculation, will occur within the year. If the actual death losses are less than the amount the premiums provide for, the difference is surplus. This is called vitality gain.

*Third.* A portion of the annual premiums is appropriated for expenses. If the company does not use the whole appropriation for its expenses, what is left is surplus.

Last year the surplus accrued to our Massachusetts companies was \$1,093,959. And last year's experience was an ordinary one. So that, had their assets fell off a million dollars in value within the year, their accrued surplus of the year derived from their normal revenue of the year would have fully repaired the loss, without the help of a single dollar of hoarded surplus. Thus is made apparent the ability of a well-conditioned life company by its natural resources alone to protect its financial in-

tegrity. An important fact to consider as a factor in the argument is that the premiums are loaded above the expectation in some degree; so that if a corporation should only earn the four per cent. to maintain its reserve, and its mortality should reach the maximum of the table, it would still have some surplus left to provide for contingencies beyond.

Thus future death losses up to the table rate are provided for by the future premiums. So the fact that the losses differ largely in different years, is no reason why the whole vitality gain of any single year, however large, should not be divided, unless to provide for a year when the mortality shall exceed the table. Such a year has never occurred in the history of our life companies, and is not likely to.

Elizur Wright, not long years ago, put the case so deftly that I quote his words:

"This surplus belongs to the insured from whose premiums it has accrued. If it should not be divided, but continue accumulating till those who were the first contributors to it have dropped away by death or by the lapse or surrender of policies, a wrong will be done which, though not so frightful as bankruptcy, may be as extensive in its transfer of property from the hands of its owners to those of strangers."

One of the oldest, if not the oldest, policyholder in the State Mutual, called upon me recently. When he took his policy years ago, the company had no considerable surplus. Now it has three-quarters of a million. He expressed satisfaction with this measure here proposed to secure the rights of policyholders, and signified his sense of injustice that he can never claim a share in the surplus of the State Mutual which was earned by the use of his money in the hands of the corporation. I could sympathize. I am a twenty years' old policyholder in one of these mutual companies. When I became a member its surplus was a few thousands, now grown to nearly half a million. I am the rightful owner of a share in that surplus; but I suppose it is confiscate to posterity, unless some one of the present generation steals or wastes it, which I do not personally fear, for I have entire

confidence in the integrity of the gentlemen in charge of the institution.

A life company's need of surplus above its reserve—and the distinction between surplus and reserve, gentlemen, is very important to remember—can arise only from three sources: First, a higher death-rate, and consequent larger liability than its expectation; second, a deficiency of expected income from its reserve funds; third, decay of its assets. Even for these possible deficiencies some provision is made in the premiums, which are rated to produce somewhat more than the calculation of death, interest, and expense probabilities calls for. Now, let me exhibit some facts which your intelligence, without aid of argument, will apply to the matter.

We may safely trust that the means and ability which enabled our companies to pass safely the social and commercial experiences of the last half century will suffice for their safety in the half century to come. Just before the war in 1860, our life companies (the John Hancock was not born then) had a surplus of \$907,186. Their surplus in 1887 is \$4,873,135.

Since 1866, as far back as my record goes, these companies have divided \$16,145,278 in surplus. So that, in the period of twenty-six years they have met all accrued obligations, have maintained their reserves to secure their obligations to accrue, and have earned a surplus of more than \$20,000,000. That is, the policyholders have paid in as contributions to the companies twenty millions more than the companies have needed for their purpose. Mr. Foster alludes to 1873 as a season of extreme disturbance of commercial values and peculiar hardship to financial establishments. Referring to that period, I find that in 1873 the Massachusetts life companies added \$141,000 to their accumulated surplus, and divided \$844,000 of other surplus; in 1874 their dividends of surplus were \$879,000, and they added to their surplus hoard \$190,000. Their earnings of surplus in the two years were over \$2,000,000. The reckoning and comparison are made upon the basis of market values, and allowance, of course, is made in each year for the loss in

market values; and yet their surplus was as liberal as I have shown it to be in those years over their obligations for those years in spite of loss by decline in values. As we pass, I note that in 1886, the last year, the Massachusetts companies earned \$1,093,959 of surplus, of which \$936,311 was divided to the policyholders, and \$157,648 added to their previous hoards.

Mr. Wright, the actuary of the New England, in his remarks to the committee, says: "No decently managed company in this country has ever failed to have some annual vitality gain." That is the fact. Nor is there cause to fear that the death-rate of the companies in the future will exceed the expectation. Mr. Lee of the Berkshire suggests a danger that the company may some time cease to insure new lives, and the death-rate of the old lives rise above the expectation. But he cites, and can cite, no instance of actual experience in support of his suggestion. And he is discredited by the experience of certain American companies, and more notably of English companies, whose membership has largely fallen off, and who take in comparatively few new members, and yet whose death-rate is well within the table. True, as he says, if a company insures no new lives, its deaths in proportion to its membership must increase as its lives grow older, and, by and by, all must die; but that is what the mortality table anticipates, and the reserve is computed to provide for. Mr. Lee's argument is that if a life company, solvent and with a full reserve, ceases to take new lives, it must, in time, inevitably experience a mortality beyond the table anticipation, and so be unable to fulfil its contracts, unless it has other resources than its legal reserve and its premiums on policies in force. If that be true it demolishes the basis of confidence in level-premium life insurance. I have heard nothing from the opponents of the system more damaging to its credit. My judgment rejects the argument, and approves the system.

As to the danger from a deficient interest income, if there is danger, that will be averted by the adoption of the proposed rule for valuation. The compelling of the

companies, as the rule of valuation does, to hold in their reserves assets which produce the needful income will avert the danger.

I agree entirely with Mr. Wright in the opinion that a life company, well established and with sound investments and a safe basis of reserve, needs no surplus for its safety, and that for it to accumulate such a surplus from dividends to which its policyholders are in equity entitled is an injustice. Thereby I recant an error of my last annual report, where I advised the accumulation of vitality gains. With their assets invested with care—such, for instance, as our savings banks are obliged by law to observe in their investments—our life companies are not in danger of any unavoidable loss of assets beyond the power of their natural resources to repair.

But the bill concedes to the corporations the power to withhold from their policyholders and accumulate a surplus equal to ten per cent. of their reserves, provided that the policyholders from whom this surplus is withheld shall have their rights in the share they contribute to it preserved, and when they retire from the company the share they have put up as pledge to the safety of the institution while they were members of it shall come back to their use.

But the corporations are not content with that concession. They object to any limit upon their power. They profess to doubt if the surplus allowed is sufficient for safety. Now, gentlemen, one or two facts in that relation. The largest, and one of the oldest, of the life insurance institutions in this country, the Mutual of New York, has to-day less than seven per cent. of surplus. At no time within twenty years past, certainly, if ever in its history, has it held so much as ten per cent. of surplus. The Mutual Benefit of New Jersey has to-day less than nine per cent. of surplus; for years it has not held more. The Connecticut Mutual has less than eight per cent. of surplus, and in recent years has held less; under five per cent. in some years. The Equitable and the New York Life, when you lay aside their tontine funds, which are the property of a special class of their policyholders, have less than ten per cent. of surplus. Are

these institutions unsafe, gentlemen? If it be unsafe for a life company to divide all above ten per cent. of its surplus, then these, the five largest life insurance institutions in the world, and hitherto supposed the solidest of financial establishments, are in grave danger, and the public should beware.

### Lumber Risks.

A PAPER BY W. H. C. FOWLER, READ BEFORE THE MARINE UNDERWRITERS OF SAN FRANCISCO.

In consideration of the extra liability that underwriters assume as insurers on lumber cargoes on and under deck, they ought to be very carefully considered before acceptance.

The port of destination is the most important question, for its customs as regards jettison of deck-loads will make the loss a partial one for its insurer, or a general average claim against all interests.

The vessel cannot be too well scrutinized, for its valuation as a contributory interest in cases of general average will materially increase or decrease the percentage of loss to be paid. The season of the voyage cannot be overlooked, as during certain periods of the year vessels are more liable to meet with disasters than others.

Under circumstances of unforeseen peril and difficulty the master is, for certain purposes, the agent not only of the ship-owner, but also of the cargo-owner, and one of these purposes is to preserve as much of the lumber entrusted to him as he can. If to effect this he must jettison a portion of his cargo, he may be considered as acting within the right recognized by the insurers or owners.

It generally answers the purpose of a ship-owner to carry as large a cargo on deck as possible, to increase the earnings of his vessel, and it is naturally a convenience to the shipper to send away as much lumber as possible in one bottom. It will not be denied that encumbering the deck of a ship not only places the lumber so exposed in a situation of additional danger, but entails increased risk on the vessel and the cargo under deck.

If the ship-owner and the shipper were alone concerned there would probably be but little dispute, because each would be cognizant of the risk incurred, the one of losing his lumber, the other his freight.

When a cargo of lumber is well and properly stowed on and under deck, with no greater deck load than the vessel is capable of carrying with safety, if during her voyage she meets with any unforeseen perils, the jettison of her deck load would be a just and recognized claim for loss for the benefit of all concerned; or, as it has been well remarked, is another way of saying "that the lumber was accidentally lost by being deliberately thrown overboard."

But how many sacrifices are made under such circumstances? How many so-called general average claims are paid by cargo owners of vessels compelled to seek a port of refuge through being overloaded, or called upon for their contribution towards a loss by jettison of deck load and freight thereon, which ought not to have been on board.

The present ruling rates for insurance on these cargoes are in my opinion far too low, and little attention has been paid to the different customs of ports when setting the same rates to the west coast of South America and Australia. To prove how jettisons of deck cargoes will act for or against the interests of underwriters, let us suppose two vessels of the same size and valuation, same value of cargo and freight, leaving Puget Sound, one bound for Valparaiso, the other for Syeney, and during their passage each was compelled to jettison their deck load, valued at \$1,500, the freight thereon at \$1,000.

The underwriters on the deck load and freight to Valparaiso, if so insured, would pay these respective losses without calling upon other interests at stake for a pro ratio of loss.

The Sydney loss would be adjusted upon the following estimated figures:

Vessel valued at.....	\$10,000	pays	\$1,000
Cargo under deck.....	10,000	pays	1,000
Cargo on deck made good.....	1,500	pays	150
Freight, one-half.....	2,500	pays	250
Freight on deck made good.....	1,000	pays	100
	\$25,000		\$2,500

Although receiving the same rate of premium on each of these risks, it will be seen that underwriters on deck cargo and its freight to Valparaiso would be called upon to pay \$1,500 and \$1,000, while the same losses to Sydney would cost them only \$150 and \$100 respectively. But those covering under deck cargo or freight to Sydney would have to contribute the sums of \$1,000 and \$250 for their proportion of the jettison, while the underwriters on the Valparaiso cargo would not be called upon to pay anything.

These different customs prove it to be more advantageous to write under deck risks to Spanish or American ports than to the Colonies, and on deck loads better to the latter than to the former.

Our Eastern confrères charge a premium for deck loads of from double to as high as ten times the under deck rate, a precedent which we could adopt to our advantage.

### Costly Assessment Insurance.

#### A POOR ARTICLE "AT COST TO MEMBERS."

We print, below, a table which aptly illustrates the profits in assessment life insurance. The figures are taken from the official reports made by the New York Insurance Department. We have omitted many of the worst cases—those with the highest ratios of expenses to receipts—because they were new ventures with small incomes, and the initial expenses were necessarily large. The total receipts are given instead of the receipts from members, because where there was any income in excess of that derived from assessments it was always nominal, and in one instance as little as ten dollars. The receipts from "other sources" therefore did not affect the percentages, and the income column is practically the payments by members.

The ratio of claims paid to income is invariably small, and the ratio of expenses to income is as invariably large. The Citizens Mutual Life received \$52,608 and paid only \$187 for claims, while the expenses were \$43,862. The Chicago Guaranty Fund Life presents about as bad a record, its income

being \$41,985, and only \$200 of this sum was expended in the payment of a claim. The percentages of expenses to receipts, in the table, run all the way from 30 to over 90. All the reports of the business co-operatives show expensive management. The milk in the assessment cocoanut is plainly the money which the managers make out of their companies or associations, or whatever they may call them.

In the absence of any law governing assessment insurance in California we are forced to get our figures, such as those in the table, from States which wisely and justly require annual statements from the hat-passers, similar to the statements exacted from the "old-liners." The California hat-passers no doubt would make a showing as bad as or worse than those in the table; and it is for this reason they took their coin to Sacramento and fought every measure designed to give the public the facts about co-operative insurance in Cali-

fornia. The figures we give below are a fairly good substitute for those of the hat-passers operating on this Coast. The assessmeters doing business in New York are representative, in methods, expensiveness and locality. The California assessmeters, all of which make no report of their receipts and the disposition thereof, are certainly equally bad as the New Yorkers, which are forced to divulge their business, under oath. Whatever may be properly alleged against the average Eastern hat-passers, on the scores of expense, dishonesty, partial payments, and downright repudiation, as proved incontrovertibly, may with equal certainty be alleged against the average Western or California hat-passers. They all are unclean birds of the same feather. The proof of such allegations on the one side of the continent is official, and on the other side it is unofficial; and that is the only difference between the Eastern and the Western hat-passers.

ASSOCIATIONS.	INCOME.	EXPENDITURES.		RATIO OF	
		Paid for Claims.	Paid for Expenses.	Claims Paid to Income.	Expenses to Income.
Bankers' Life, St. Paul.....	130,261	64,987	41,231	\$49 89	31.65
Bankers' and Merchants' Alliance, N. Y.....	20,469	13,602	7,732	66 45	37.78
Buffalo Mutual Accident, Buffalo.....	12,743	1,642	11,116	12 89	87.23
Central N. Y. Accident Relief, Ithaca, N. Y.....	11,370	4,975	6,044	43 76	53.16
Chautauqua Mutual Life, Mayville, N. Y.....	5,706	399	4,774	6 99	83.66
Chenago Mutual Relief, Oxford, N. Y.....	9,976	5,944	3,479	59 59	34.88
Chicago Guaranty Fund, Life, Chicago.....	41,985	200	26,262	48	60.26
Citizens Mutual Life, N. Y.....	52,608	187	43,862	35	83.37
Commercial Travelers Mutual Accident, Utica.....	6,634	3,473	2,506	52 35	37.77
Equal Rights Benefit, Albany.....	6,765	3,955	2,077	58 47	30.71
Equitable Accident, Binghampton, N. Y.....	153,129	84,081	67,316	54 91	43.96
Fidelity Mutual, Philadelphia.....	197,339	97,458	86,419	49 39	43.79
Globe Mutual, N. Y.....	12,311	1,722	11,275	13 99	91.53
Golden Eagle, N. Y.....	5,998	2,579	4,969	42 99	82.84
Guarantee Mutual, N. Y.....	16,528	2,726	13,371	16 49	80.90
Home Benefit, N. Y.....	38,164	21,045	16,402	55 17	42.98
Home Provident, N. Y.....	39 695	21,295	14,096	53 65	35.51
Hoosac Falls Mutual, Hoosac Falls, N. Y.....	8,059	3,232	4,906	40 10	60.87
Industrial Benefit, N. Y.....	11,381	862	10,103	7 58	88.76
Life and Reserve, Buffalo.....	52,563	21,376	22,224	40 67	42.28
Life Union, N. Y.....	44,454	17,754	17,992	39 94	40.47
Masonic Mutual Life, Cleveland.....	37,098	25,299	14,123	68 20	38.07
Mercantile Mutual Accident, N. Y.....	37,830	22,822	12,568	60 93	35.28
Mutual Benefit, Life, N. Y.....	212,142	105,750	90,246	49 85	42.54
National Accident, N. Y.....	21,727	4,214	16,321	19 40	75.12
National Benevolent, N. Y.....	44,334	20,110	17,365	45 36	39.17
New England Mutual Accident, Boston.....	72,283	30,316	36,721	41 94	50.80
N. Y. Safety Relief Fund, N. Y.....	22,111	6,128	11,641	27 72	62.65
Ohio Valley Life, Wheeling.....	68,114	46,000	21,211	67 53	31.14
Preferred Mutual, N. Y.....	56,675	10,297	41,718	18 17	73.61
St. Lawrence Life, N. Y.....	23,053	6,978	13,247	30 27	57 46
Security, N. Y.....	72,549	42,217	35,487	58 19	48.91
United Life and Accident, N. Y.....	54,088	13,296	39,481	22 55	73.00
U. S. Mutual Accident, N. Y.....	459,548	224,789	223,367	48 92	48.61
Women's Mutual, N. Y.....	29,808	13,255	11,449	44 47	38.41



# STATEMENT OF THE CONDITIONS AND AFFAIRS

— OF THE —

## South British

FIRE AND MARINE

Insurance Company,

OF AUCKLAND, NEW ZEALAND, ON THE

31ST DAY OF DECEMBER, A. D., 1886.

### CAPITAL.

Capital Subscribed, - - - - -	\$10,000,000.00
Amount of Capital Stock paid up in Cash, - - - - -	\$646,280 00

### Unlimited Liability of Shareholders.

### ASSETS.

Real Estate owned by Company.....	\$ 522,905 00
Loans on Bond and Mortgage.....	58,685 00
Cash Market Value of all Stocks and Bonds owned by Company.....	386,070 00
Amount of Loans secured by pledge of Bonds, Stocks and other marketable securities, as Collateral.....	30,065 00
Cash in Banks.....	54,880 00
Interest Due and Accrued on all Stocks and Loans.....	9,876 00
Interest Due and Accrued on Bonds and Mortgages.....	4,482 00
Premiums in due Course of Collection.....	324,444 00
Rents Due and Accrued.....	2,910 00
Due from other Companies for re-insurance on losses already paid.....	12,673 00
Stamps on hand.....	1,475 00
Salvages on Claims and Agents' Balances.....	13,292 00
<b>TOTAL ASSETS.....</b>	<b>\$1,421,757 00</b>

### LIABILITIES.

Losses in process of Adjustment or in Suspense.....	\$ 122,695 00
Gross Premiums on Fire risks running one year or less, re-insurance fifty per cent.; gross premiums on fire risks running more than one year, re-insurance pro rata.....	323,630 00
Gross Premiums on Marine and Inland Navigation risks, re-insurance 100 per cent.; gross premiums on marine time risks, re-insurance fifty per cent. ....	123,648 00
Cash Dividends remaining unpaid.....	400 00
Due and Accrued for Salaries, Rents, etc.....	1,980 00
Due and to become due for borrowed money.....	59,445 00
<b>TOTAL LIABILITIES.....</b>	<b>\$ 631,798 00</b>

**Surplus as regards Policy-Holders, \$789,959.**

### INCOME.

Net Cash actually received for Fire Premiums.....	\$ 748,960 00
Net Cash actually received for Marine Premiums.....	513,990 00
Received for Interest and Dividends on Bonds, Stocks, Loans and from all other sources.....	59,675 00
Received for Rents.....	13,855 00
<b>TOTAL INCOME.....</b>	<b>\$1,316,480 00</b>

### EXPENDITURES.

Net amount paid for Fire losses.....	\$ 635,445 00
Net amount paid for Marine losses.....	361,640 00
Paid or allowed for Commission or Brokerage.....	113,740 00
Paid for Salaries, fees and other charges for officers, clerks, etc.....	147,525 00
Paid for State, National and local taxes.....	8,840 00
All other Payments and Expenditures.....	7,490 00
<b>TOTAL EXPENDITURES.....</b>	<b>\$1,274,680 00</b>

WILLIAM C. DALDY, President.

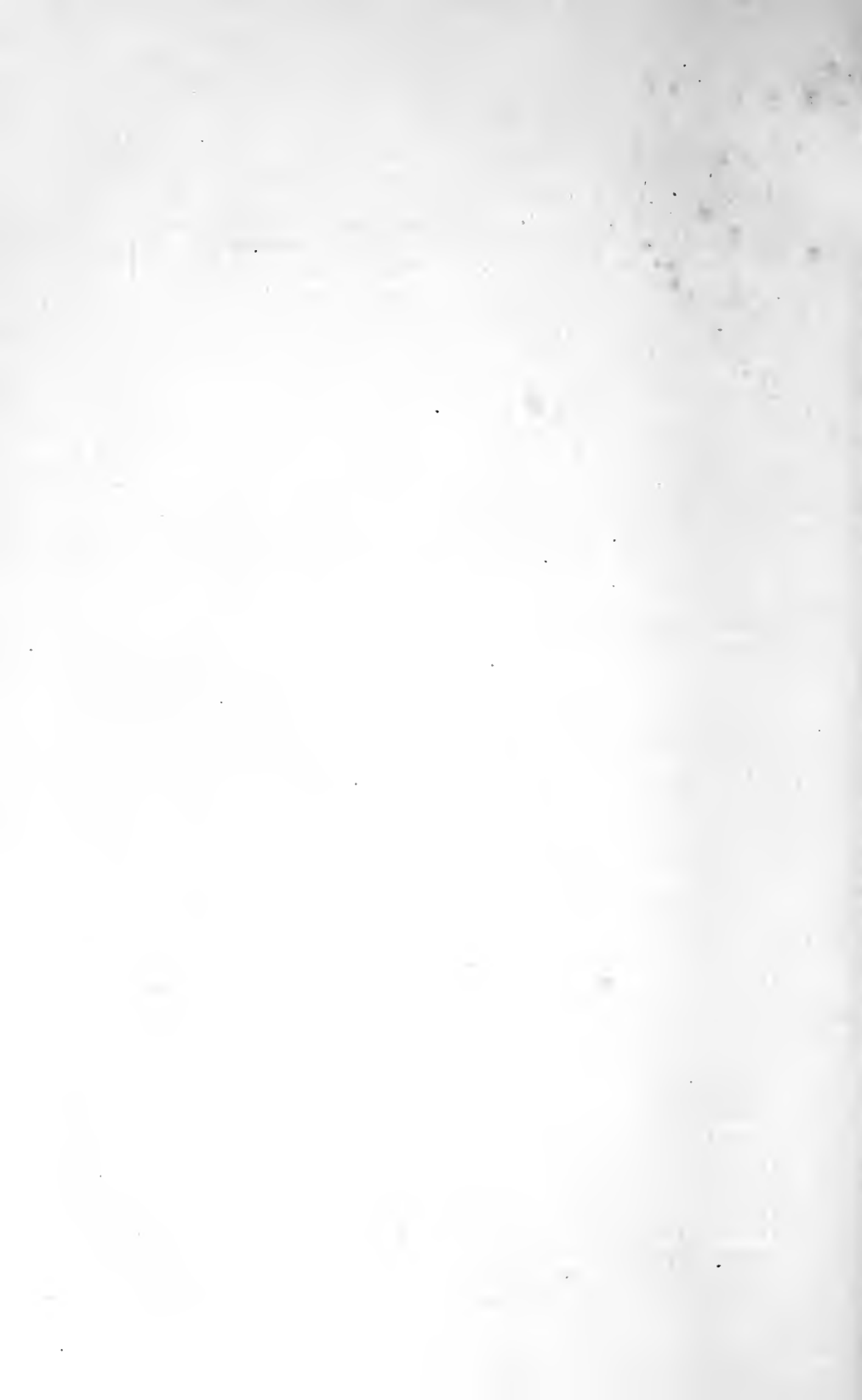
G. JOHNSTON, Secretary.

PACIFIC COAST BRANCH.

J. D. MACPHERSON, Manager,

213 and 215 Sansome Street,

San Francisco, California.



### Removal of Causes to Federal Courts.

#### STATUTES PROHIBITING SUCH REMOVAL ARE UNCONSTITUTIONAL.

In the case of Henry S. Barron, plaintiff in error, against Geo. W. Burnside, sheriff of Linn county, Iowa, the United States Supreme Court has just rendered an important decision touching the constitutionality of the State statutes prohibiting the transfer of cases to Federal courts. Barron was accused of transacting business for the Chicago & Northwestern Railway Co. in Iowa when such railway had no license or permit according to the laws of the State. A formal permit is required, under severe penalties for failure. The third section of the statute is as follows:

Any foreign corporation sued or impleaded in any of the courts of this State upon any contract made or executed in this State or to be performed in this State or for any act or omission, public or private, arising, originating or happening in the State, who shall remove any such cause from such State court into any of the federal courts held or sitting in this State, for the cause that such corporation is a non-resident of this State or a resident of another State than that of the adverse party, or of local prejudice against such corporation, shall thereupon forfeit and render null and void any permit issued or authority granted to such corporation to transact business in this State: such forfeiture to be determined from the record of removal, and to date from the date of filing of the application on which such removal is effected, and whenever any corporation shall thus forfeit its said permit, no new permit shall be issued to it for the space of three months, unless the executive council shall, for satisfactory reasons, cause it to be issued sooner.

The validity of the foregoing was upheld by the State court, but the Federal court reversed the decision, declaring that as the Iowa statute makes the right to a permit dependent upon the surrender of a privilege secured by the Federal constitution, such statute must be held to be void. California and several other States have similar statutes. This important decision authoritatively and perhaps finally settles the question involved; but, after all, of what special value to non-resident corporations is this decision if the States continue to exact the same stipulation, and cannot be prevented from revoking the permit as a penalty for transferring causes from State

to Federal courts? In *Doyle v. Continental Ins. Co.* it was decided by the U. S. Supreme Court that, as the State had granted the license its officers would not be restrained by injunction, by a Federal court, from withdrawing it.

Following is the substance of the decision in *Barron v. Burnside*:

It is apparent that the entire purpose of this statute is to deprive the foreign corporation, in suits such as those mentioned in section 3, of the right conferred upon it by the constitution and laws of the United States, to remove a suit from the State court into the Federal court, either on the ground of diversity of citizenship or of local prejudice. The statute is not separable into parts. An affirmative provision requiring the filing by a foreign corporation, with the Secretary of State, of a copy of its articles of incorporation, and of an authority for the service of process upon a designated officer or agent in the State, might not be an unreasonable or objectionable requirement, if standing alone; but the manner in which, in this statute, the provisions on those subjects are coupled with the application for the permit and with the stipulation referred to, shows that the real and only object of the statute, and its substantial provision, is the requirement of the stipulation not to remove the suit into the Federal court.

In view of these considerations the case falls directly within the decision of this court in *Home Ins. Co. v. Morse*, 20 Wall., 445. In that case, which was twice argued here, a statute of Wisconsin provided that it should not be lawful for any foreign fire insurance company to transact any business in Wisconsin unless it should first appoint an attorney in that State, on whom process could be served, by filing a written instrument to that effect, containing an agreement that the company would not remove a suit for trial into the Federal court. The *Home Ins. Co.*, a New York corporation, filed the appointment of an agent containing the following clause: "And said company agrees that suits commenced in the State courts of Wisconsin shall not be removed by the acts of said company into the United

States Circuit or Federal courts." A loss having occurred on a policy issued by the company, it was sued in a court of the State. It filed its petition in proper form for the removal of the suit into the Federal court. The State court refused to allow the removal, and, after a trial, gave a judgment for the plaintiff, which was affirmed by the Supreme Court of Wisconsin. The company brought the case into this court, which held these propositions: First, the agreement made by the company was not one which would bind it, without reference to the statute; second, the agreement acquired no validity from the statute. The general proposition was maintained, that agreements in advance to oust the courts of jurisdiction conferred by law are illegal and void, and that, while the right to remove a suit might be waived, or its exercise omitted, in each recurring case, a party could not bind himself in advance, by an agreement which might be specifically enforced, thus to forfeit his rights at all times and on all occasions, whenever the case might be presented.

In regard to the second question, the proposition laid down was that the jurisdiction of the Federal courts, under article 3, section 2, of the Constitution, depends upon and is regulated by the laws of the United States; that State legislation cannot confer jurisdiction upon the Federal courts nor limit or restrict the authority given to them by Congress in pursuance of the Constitution; and that a corporation is a citizen of the State by which it is created, and in which its principal place of business is situated, so far as its right to sue and be sued in the Federal courts is concerned, and within the clause of the Constitution extending the jurisdiction of the Federal courts to controversies between citizens of different States, the conclusions of the court were summed up thus: 1st, the Constitution of the United States secures to citizens of another State than that in which suit is brought an absolute right to remove their cases into the Federal court, upon compliance with the terms of the removal statute; 2d, the statute of Wisconsin is an obstruction to this right, is repugnant to

the Constitution of the United States and the laws made in pursuance thereof, and is illegal and void; 3d, the agreement of the insurance company derives no support from an unconstitutional statute, and is void, as it would be had no such statute been passed. For these reasons the judgment of the Supreme Court of Wisconsin was reversed, and it was directed that the prayer of the petition for removal should be granted.

The case of *Doyle v. Continental Ins. Co.*, 94 U. S., 535, is relied on by the defendants in error. In that case this court said that it had carefully reviewed its decision in *Insurance Co. v. Morse*, and was satisfied with it. In referring to the second conclusion in *Insurance Co. v. Morse*, above recited, namely, that the statute of Wisconsin was repugnant to the Constitution of the United States, and was illegal and void, the court said, in *Doyle v. Continental Ins. Co.*, that it referred to that portion of the statute which required a stipulation not to transfer causes to the courts of the United States.\* In that case, which arose under the same statute of Wisconsin, the foreign insurance company had complied with the statute, and had filed an agreement not to remove suits into the Federal courts, and had received a license to do business in the State. Afterwards it removed into the Federal court a suit brought against it in a State court of Wisconsin. The State authorities threatening to revoke the license, the company filed a bill in the Circuit Court of the United States, praying for an injunction to restrain the revoking of the license. A temporary injunction was granted. The defendant demurred to the bill, the demurrer was overruled, a decree was entered making the injunction perpetual, and the defendant appealed to this court. This court reversed the decree and dismissed the bill. The point of the decision seems to have been that, as the State had granted the license, its officers would not be restrained by injunction by a court of the United States from withdrawing it. All that there is in the case beyond this, and all that is said in the opinion which appears to be in conflict with the adjudication in *Insurance*

Co. v. Morse, must be regarded as not in judgment.

In both of the cases referred to the foreign corporation had made the agreement not to remove into the Federal court suits to be brought against it in the State court. In the present case no such agreement has been made, but the locomotive engineer is arrested for acting as such in the employment of the corporation, because it has refused to stipulate that it will not remove into the Federal court suits brought against it in the State court as a condition of obtaining a permit, and consequently has not obtained such permit. Its right, equally with any individual citizen, to remove into the Federal court under the laws of the United States, such suits as are mentioned in the third section of the Iowa statute, is too firmly established by the decisions of this court to be questioned at this day; and the State of Iowa might as well pass a statute to deprive an individual citizen of another State of his right to remove such suits.

As the Iowa statute makes the right to a permit dependent upon the surrender by the foreign corporation of a privilege secured to it by the constitution and laws of the United States, the statute requiring the permit must be held to be void.

### Legion of Honor.

One Barney, a member of the Legion of Honor in "good standing," deserted his wife and family through the influence of a Mrs. Anthony. He afterward took out a \$2,000 certificate in the Legion and made Mrs. A. his beneficiary. When he died the Legion refused to pay the beneficiary, on the ground that the money must be paid to the surviving relatives of the deceased. We suppose the honorable Legion, when they made this defense, believed that Barney had no surviving relatives; for when Mrs. Barney put in a claim for the insurance, the society also refused to pay her, contending that as the beneficiary named (Mrs. A.) had no legal right, according to a decision of a jury, the certificate reverted to the Legion. It is not denied that the widow and family of Barney are his legal heirs, nor that he

paid all dues and assessments; but this benevolent Legion of Honor thought they had discovered an opportunity to successfully repudiate a legitimate debt, and they embraced the opportunity with shameless alacrity and an utter disregard of moral obligations. The resistance of Barney's family's claims belies all pretense of charity made by the society. Since the foregoing was written, the Superior Court in this city has decided that the Legion must pay Mrs. Barney's claim.

### Cultivating Prejudice Against the Compact.

SAN FRANCISCO, May 7, 1887.

Editor Coast Review:

So much dislike is manifested throughout the territory covered by the Pacific Insurance Union to that worthy institution that it has occurred to me that some of the ways of conducting this very excellent auxiliary to good underwriting might perhaps be improved upon. Managers as well as agents are, I think, partly responsible for the antipathy of the public, of which we had an example at our last Legislature. A letter picked up by me in the office of a local from a well-known underwriter in San Francisco, and one whom I know has the good of the profession at heart, will carry me out in my views regarding managers:

JOHN JONES, Esq., etc.—Your favor of 19th inst. at hand, inclosing an application on a first-class dwelling-house, for which please accept my thanks. On sending same to the compact, however, they have ordered rate increased to 3 per cent., making premium \$30, and we have had to so alter it.

The local who received the above letter, without any explanation, was using very expressive adjectives in speaking of the compact, the apparent cause of his trouble, and appeared to think that it was meddling between him and his company. Agents are falling into the same habit of letting the compact stand sponsor for all worry to any of their patrons.

I heard a local the other day tell a party whose insurance he had renewed and rate on which had been ordered increased by the Union, deliver the pleasant news as follows: "Mr. Brown, the compact has or-

dered your rate increased, and as my company has nothing to do with making rates now, I shall have to increase or cancel. Sorry," etc. To which the customer replied: "— that compact. I don't see what they have to do with me and any company I insure in. I guess next year I will find a company that knows enough to make its own contracts, or carry my own insurance."

Again, all new rates, changes in forms, or other nauseous pills to a long since spoiled public or agent, appear under compact authority, and the compact is blamed again.

The agent is employed by the company he represents for a stipulated compensation. Any instructions he receives, "with full explanation," he considers it his duty to carry out, and as he of course wishes to make his company popular, he takes good care to give reasons for such changes to his patrons, so that all will appear proper and just; but from the compact he receives no compensation, is not, according to his views, under any obligations to it, and thinks he has no interest in its popularity, and simply uses it as a shield for any obnoxious changes, so as to withdraw hostility from himself and his company. Would it not be better if both agents and managers would take all matters on their own shoulders in dealing with the public and make as little reference to the compact as possible, which, after all, is nothing but a paid attribute to our business, or a wheel in our insurance machinery? What manager ever wrote his agent that his examination clerk, Tom Smith, would not accept his application at less than 3 per cent., etc.? Why should compact notations not be looked at in the same light?

These small matters may appear trifles, but better suggestions from others may follow, and any remedy that will bring the compact into more favor with agents and public, or even less dislike, will help to prolong the life of a very useful part of our insurance routine. G. F. McLellan, in your April number of the COAST REVIEW, states "that the less the compact is known to the assured the less will be the hostility to

it." Will some of the gray or bald heads in the profession please give the unpopularity of the Pacific Insurance Union their wise consideration, and see if it cannot be carried out on a plan that will be more satisfactory to our agents and patrons?

SPECIAL.

### Suit Growing Out of Abbott's Defalcations.

E. A. Burleson of San Francisco has brought suit in Dept. 5 of the Superior Court against the Northwestern Mutual Life Insurance Company of Milwaukee, for 5½ per cent. of all renewal premiums in Northern California, due R. W. Abbott or his order, under a contract of March 3, 1885, and a contract of April 15, 1886. It appears that Burleson lent Abbott \$4,250 on April 23, 1886, on the security of, or bought outright, a contract whereby, it is alleged, Abbott was to receive 5½ per cent. of certain renewal premiums in a specified district. The defendant company denies any liability or the existence of such a contract.

According to the complaint, on or about April 15, 1886, the defendant was released by Abbott from the contract of March 3, 1885, for Northern California, the ex-agent to receive, in consideration of such release, 5½ per cent. of the renewal premiums in the surrendered district. Eight days thereafter the plaintiff purchased of Abbott his right and title to such 5½ per cent. of the renewals, and duly notified the company of such sale and purchase. Abbott's interest in the renewals, under the old contract, lasted until June 1, 1892, or until such time as the contract might be "terminated for failure or neglect of said agent." The plaintiff contends that no act of Abbott as agent in another territory could affect the renewals in the surrendered territory; and that as the defendant company made the percentage of renewals payable to Abbott's order it thereby gave validity to the transfer thereof, and put it in A.'s power to sell the same to an innocent party.

The defendant company replies that the contract with Abbott has been misrepresented by plaintiff. A. was to receive a per-

centage of the renewal premiums only while he retained his agency. The agency was terminated on September 16, 1886. The change from San Francisco to Los Angeles was merely a contraction of the field of the general agency. Abbott's rights under the contract of March 3, 1885, and the supplementary contract of April 15, 1886, were dependent upon the continuance of the first contract; and his failure to perform all the stipulations thereof terminated the contract of both dates. Abbott became a defaulter "in a large sum," and his general agency was therefore terminated, and all his rights to renewal premiums were forfeited.

All this presents the legal aspects of the case.

Abbott is still indebted to the Northwestern Mutual. As his defalcations were amply covered by the amount and character of his bonds, it can not be said that the company is resisting Burleson's claim in order to secure itself from loss.

### Was It Stealing or Insolvency?

THE SANTA ROSA M. E. AND P. ASSOCIATION.

George Hill of Westport, Mendocino county, California, paid \$15.35 to the duly accredited agent of the Pacific Coast Mutual Endowment and Protective Association of Santa Rosa. Mr. Hill's application was rejected by the association, but his \$15.35, required for fees and dues, was not returned, has not yet been returned, by the Santa Rosa fraud, and of course never will be. The association doesn't do business in that honest fashion. It is as bad a fraud as the Home Benefit or Home Accident or California Accident or any other of the lying, deceiving, swindling San Francisco hat-passers. We exposed this Santa Rosa enterprise in our April issue—showed the fallacy of the thing, and the essential dishonesty or dampfoolishness of the managers, directors and endorsers—but the illegal retention of Mr. Hill's money by the association is a better exposé than the most elaborate argument, and it clinches everything we have urged against the Santa Rosa co-operative.

Mr. Hill has forwarded us the agent's receipt for the money required to accom-

pany the application for membership. Here is a copy of the receipt:

Pacific Coast Mutual Endowment and Protective Association.—No. 57.—Westport, 6 | 10, 1886.—Received of Mr. George Hill: Membership fee, \$10.00; assessment fee, \$3.35; medical director's fee, 50c.; disability assessment, \$1.50; total, \$15.35; on application, class B; amount of certificate, \$2,500. (Signed) D. S. Gardemeyer (or some such name), Agent.

Nearly a year has elapsed since the receipt of Mr. Hill's money and the rejection of his application by the Santa Rosa hat-passer, but to all appeals for the money dishonestly retained the association returns a decided negative. The claim has been forwarded to us for collection, but we can't collect money of a pauper. The Santa Rosa association has neither cash nor personal or real property. It will frigidly say to us as to Mr. Hill, "What are you going to do about it?" and we shall have to admit that we can do nothing, for there is nothing tangible enough about the Santa Rosa M. E. and P. A. for the courts to take hold of. However, the directors, Messrs. Overton, Brooke, et al, are hereby most disrespectfully notified that we hold a legitimate claim of \$15, or thereabouts, against their association, which claim they have refused to pay and probably cannot pay. When it is paid we shall cheerfully admit and print the fact that we have erred in doubting the honesty of the management if not the solvency of the visionary and illegitimate Santa Rosa scheme.

### What Beecher Said.

A wise life insurance of \$5,000 or \$10,000, payable at the death of the insurer, does not benefit his wife and children only after his death, but it is of great use to the man himself. It tends to make him economical, methodical and frugal in his expenditures, cuts off many petty indulgences which would waste his means, and gives quiet to his mind in business troubles, and especially in sickness and in prospect of death. He does not look in anguish at the prospect of his family at his death loaded with expenses of his sickness, funeral expenses, etc., and thrown upon the world, without means of livelihood, at a time when grief will go far to paralyze their energies.

### Underwriters Caught Napping.

At last winter's session of the Texas Legislature House Bill No. 316, entitled "an act to require foreign corporations to file their articles of incorporation with the Secretary of State," was passed by both houses, and was signed by the Governor on April 2. The first section requires that on and after January 1, 1888, every other-State and foreign corporation shall file with the Secretary of State certified copies of its articles of incorporation, duly attested, accompanied by a resolution of its board of directors or stockholders, authorizing the filing thereof, and also authorizing service of process to be made upon any of its officers or agents in the State, and requesting a permit to transact business in the State, the application to stipulate subjection to each of the provisions of the act. Whenever any corporation shall forfeit its permit, no new permit shall be issued to it for six months thereafter. The penalty for transacting business without complying with the terms of the statute is a fine of \$100 per day; and every agent is subject to a fine of \$100 or thirty days imprisonment every time he "knowingly acts" or does business for any company not complying with the law.

Apparently this general law is a harmless bit of red-tape legislation. When the bill was before the House its purport was telegraphed to New York underwriters, and the attention of several resident and general agents in Texas was called to it; but any special investigation or opposition was deemed unnecessary, and the bill was allowed to become a law without any objection from the various corporations affected by it. Inquiry at the office of the Secretary of State reveals the astounding fact that that official must demand the following legal fees for filing articles of incorporation: For the first \$10,000 of capital stock, whether paid-up or subscribed, \$25.00, and for each additional \$10,000, \$5.00. Under this silly general law an insurance company with \$1,000,000 capital would have to pay for filing its charter the sum of \$520; a \$2,000,000 company, \$1,020, and a \$5,000,000 company \$2,520, and so on. As it does

not make any difference where the capital is invested, nor whether it is subscribed or paid up, the new law bears upon the foreign companies with especial severity. The law has been submitted to the Attorney-General for his opinion. That official says that insurance corporations must pay these large fees, in addition to an occupation tax of \$200, the license fees of agents, etc., or withdraw from the State. This is his opinion, as expressed verbally.

### The State Insurance Company.

The ex-Secretary of the State Ins. Co. of Salem, Or., writes a letter to the *Lance*, of that city, in which he pithily discusses the pretences and practices of that wildcat as follows:

The majority of the business done by the State is a note business, and taken from parties who do not have the means to pay. A glib-tongued agent calls at a farmer's home, whose farm is under mortgage, and he can hardly make both ends meet, and tells him a story something like this: Well, if you cannot pay the note when due the company will extend it, or the policy will be suspended and the note will not be collected, and that will be the end of the matter.

What are the actual facts in the case? The policy is suspended and the *note is good*. Notes when past due are sent to an attorney for collection, with this instruction, "That if parties will not pay a part or secure the note (notes are not secured) to collect by suit, provided the party has any property subject to execution, but to make the company no cost by suing where it cannot be collected."

These notes are now scattered all over Idaho, Washington Territory and Oregon, in the hands of attorneys for collection, forcing the maker to pay these extreme expenses and in a good many cases selling their property under the hammer. Is this a very great benefit to the State?

The outside companies mostly do a cash business, with parties who have the cash to pay, and that ends the matter. There are no attorney's fees, no selling a widow's

piano under the hammer, as has been done; no hardships.

The notes of the State Ins. Co. are sent for collection through the mail, in packages not registered, and in a number of cases they have been lost, but they are still counted in the list of *good, clean, available assets* of the company, as noted in their circulars.

### Champion the Compact.

We print this month a suggestive communication from an observant young special agent, on a subject of far more importance than many may think. It is the unpopularity of the compact and the responsibility of underwriters therefor. Mr. McLellan of Los Angeles, in a paper printed in this journal not long ago, very pointedly referred to this matter, and he outlined the cure when he said that the less the compact is known to the assured the less the hostility. The compact is made the scapegoat by too many agents for every disagreeable communication which must be made to applicants or the assured as to rates or the hazard. That awful and mysterious compact, up or down at San Francisco, is saddled with the responsibility for whatever may be objectionable to the assured. It is much easier to dispose of the matter in this way than to defend, with an explanation, an organization in the welfare of which no particular interest is felt. Perhaps there is an intelligent appreciation of the value of the compact to agents as well as companies; and it is merely a failing of human nature which secures or thinks it secures the popularity of a company, at the expense of the compact, by pandering to prejudice.

Undoubtedly there is a strong feeling prejudicial to the compact, outside of the large business centers at least. This feeling, which is merely an anti-monopoly feeling, is a natural one, and in the absence of a knowledge of the facts it is excusable. We saw last winter, from the temper of the Assembly and the press, that the opposition to the compact, unreasonable and ill-founded as that opposition was, was sufficiently popular to demand and uphold some very stringent anti-compact legislation. It

is the part of wisdom to profit by the lesson and to endeavor to popularize the compact, or at least to check the growth of the existing unfriendly feeling. It is cheaper and more sensible to do this than to renew the defense in the next Legislature; and an abatement of the growing feeling of antagonism may be necessary to a successful defense, for the underwriters' friends in either house must have moral support.

This matter lies with the offices and the agents. They can develop the hostility to the compact until it passes into bad laws; or, by an intelligent exposition and defense of the compact when necessary, and by judiciously withholding any needless reference to its authority, they can at least restrict the prejudice to its present harmless limit.

### Continental Insurance Company.

The Continental of New York makes an excellent showing in its annual report for 1886. Assets and surplus advanced materially, and the loss and expense ratios were each lowered three per cent. The net balance, over all expenditures, including sixteen per cent. dividends, was over \$121,000. In this field, where the Continental is represented by Hutchinson & Mann, the business of the company increased some twenty-five per cent.

Referring to the statement printed elsewhere we find the assets of the Continental foot up \$5,239,981.28, invested in first-class above-par stocks and bonds and cash in bank and real estate. Nearly a million and a half alone are invested in U. S. registered four and six per cent. bonds. The re-insurance reserve is \$2,383,800.53. The net surplus is \$1,374,856.93, making the net surplus to policyholders, adding the million of capital, \$2,374,856.93. The premium income last year was \$2,976,115. Turning to the COAST REVIEW CHART we find that the progress of the company, in assets and business, has been steadily upward. It is a strong conservative corporation, with a record of paying dollar of cash per dollar of claim after the Chicago and Boston fires.

### The Guardian Assurance Company.

We print this month a detailed statement of the resources and business of the Guardian Assurance Company of London. It will repay the special attention of the reader. Of the companies operating in this field the Guardian ranks first in the extent of cash capital—\$5,000,000. The fire assets at the date of the last annual report aggregated \$9,161,757, with a net surplus of \$2,794,211, or \$7,794,211 surplus to policyholders. The gross assets of the Guardian, as set forth in the printed statement, are \$20,617,292, but they include the life department figures also.

Referring to the fire figures of the Guardian we find a gain of over \$210,000 in assets last year, and a corresponding increase in the net surplus. The premium income was \$2,561,522, a considerable gain; and the losses were less, the loss ratio descending to 58 per cent. The business of the company has been steadily increasing for years.

In the United States the Guardian has \$1,367,479 assets in the hands of its branch for the special protection of American policyholders. The net American surplus is \$795,317. On the Pacific Coast the premium income last year was \$111,190, with only 38.7 per cent. loss ratio. The gain in premiums was some \$22,000 or 24 per cent.

In the printed statement there is an interesting summary of the Coast business of the Guardian for the decade ending with 1886, the figures being classified into San Francisco, country over the counter, and sub-agencies. The total premiums were \$713,953, with 35.75 per cent. losses, or nearly 5 per cent. less than the average loss ratio of all the companies for the past seven years. The loss ratios of the Guardian, as classified, are—city, 26.40; country over counter, 39.56; sub-agencies, 52.54.

The policy of the Guardian in this field has been essentially different from that of the other British offices. While its way of doing business has apparently precluded a very large premium income, the average loss ratio, as shown, has been materially less than any of its American or foreign competitors. The experience of the company with over-the-counter country busi-

ness is remarkable, though it may merely be a notable exception which proves the common rule to the contrary. Country business written over a series of years has paid actually nothing as a rule; yet the Guardian incurred a loss ratio on its country business, for ten years, only about the same as the average of all companies on city and country risks combined.

In 1877 the Guardian stood seventh among the English companies, in a class of twelve, in the volume of San Francisco city premiums, according to the Fire Patrol reports. In 1886, ten years later, it stands the third largest in a class of twenty-two English companies.

The Guardian agency in San Francisco was established in 1876, by F. J. Marsden, manager of the company's fire department. The present general manager for the Pacific Coast, Wm. J. Landers, accepted the position as manager for Messrs. Balfour, Guthrie & Co., who were the agents until late in 1879, when the company's American manager, H. E. Bowers, visited San Francisco and appointed Mr. Landers the general agent to succeed the firm named. Mr. Landers came to this Coast in 1869, and has ever since been engaged in the fire insurance business, as our readers all know. He has occupied about every position in an office, beginning with the lowest. The Guardian has had the benefit of his services for over ten years, and its steadily increasing business and prosperous record are admittedly owing, in a large measure, to his underwriting ability, personal associations, and popularity with an influential class of agents.

Detroit is to have a new fire company, with \$200,000 capital.

The average fire losses in Missouri for the past ten years have been 59.95 per cent. The ratio last year was 54.33 for the State and 46.09 for St. Louis.

The marine and inland losses of the stock companies in Missouri, last year, were 74.73 per cent. of the premiums. The losses on fidelity risks were 18.12 per cent.; on casualty risks the losses were 43.16 per cent.



# GUARDIAN

ASSURANCE COMPANY,  
OF LONDON, ENGLAND.

STATEMENT, JANUARY 1st, 1887.

Amount of Capital Stock Paid-Up in Cash, - - \$5,000,000 00

## Assets.

Real Estate owned by Company.....	\$ 146,575 00
Loans on Bond and Mortgage.....	7,390,362 42
Cash Market value of all Stocks and Bonds owned by Company.....	8,301,378 23
Amount of Loans secured by pledge of Bonds, Stocks and other marketable securities as collateral.....	2,693,573 53
Cash in Banks.....	812,842 36
Interest Due and Accrued on Bonds and Mortgages.....	114,105 04
Premiums in due course of Collection.....	373,485 88
All other assets.....	784,971 91

TOTAL ASSETS.....\$20,617,292 37

## Liabilities.

Losses Adjusted and Unpaid and in process of adjustment.....	\$ 252,725 00
Re-insurance Reserve.....	1,013,500 00
Liability under Life Department.....	11,455,535 14
Cash Dividends Remaining Unpaid.....	29,220 06
Due and Accrued for Salaries, Rent, etc.....	21,268 04
All other demands against the Company.....	59,829 08

TOTAL LIABILITIES.....\$12,823,077 32

## Income.

Net Cash actually received for Fire Premiums.....	\$2,252,358 98
Received for interest and Dividends on Bonds, Stocks, Loans and from all other sources.....	309,163 39

TOTAL INCOME.....\$2,561,522 37

## Expenditures.

Net amount paid for Fire losses.....	\$1,308,116 29
Dividends to Stockholders.....	300,000 00
Paid or allowed for Commission or Brokerage.....	381,534 48
Paid for Salaries, fees and other charges, for officers, clerks, etc.....	305,744 50
All other Expenditures.....	2,160 79

TOTAL EXPENDITURES.....\$2,297,556 06

## PACIFIC DEPARTMENT.

Net Premiums and Losses for Ten Years Ending with 1886.

BUSINESS DIVIDED.	NET PREMIUMS.	LOSSES.	PER CENT.
San Francisco City .....	\$357,964 00	\$95,021 00	26.40
Country Over Counter.....	206,277 00	81,599 00	39.56
Sub-Agencies.....	149,712 00	78,660 00	52.54
TOTALS.....	\$713,953 00	\$255,280 00	35.75

**Average Loss** percentage for all companies on Pacific Coast for past seven years (as shown by Coast Review), 42.14—Guardian, 35.75.

**WM. J. LANDERS, General Agent,**  
401 California Street, corner Sansome, San Francisco.  
**W. A. MATHEWS, Special Agent.**



### Petroleum Accidents.

At the request of the German Government, a minute investigation has been made of all officially known petroleum accidents which took place in the empire during the years 1884, 1885. The result is of particular interest, because it forms the first German statistics upon the subject, whereas the reports of other countries contain no exact figures. The total number of accidents due to petroleum was 601 in the two years, very irregularly distributed over the country. In 1885, for example, 152 cases occurred in Prussia (33 in Berlin), 3 each in Bavaria and Saxony, 2 in Wurtemberg, 7 in Alsace, 22 in Bremen, whereas in Hamburg the authorities were informed of as many as 85 so-called petroleum explosions. This extraordinary difference is principally due to the greater or smaller control exercised by the Government officials in various parts. In 184 cases damage was done to property, in 13 personal injuries were inflicted, whereas 6 were attended with loss of life. Though in reality the statistics comprise only a small portion of the real number of accidents, valuable information has been collected from the limited material about the circumstances which caused petroleum explosions. It is established in the first instance that actual explosions, viz., the sudden ignition of mixed steam in the lamp reservoir, are very rare, and scarcely liable for a hundredth part of the accidents, the majority of which result from external causes, as the turning over of the lamp, &c. When accidents could not be accounted for in that manner, they were generally due to overheating the lamp, by which the gas contained in the burner became ignited. As a consequence the latter began to melt, or the suddenly occurring difference in the temperature led to the bursting of the oil reservoir. The overheating is accounted for in two ways; either the lamp was not kept sufficiently clean, or badly-fitting chimneys were used—or they were badly put on—which admitted air into the lamp. The danger was increased by the burning of easily inflammable petroleum, though a difference of a few degrees

is of less importance in this respect than is generally believed. After having ascertained overheating as the principal cause of accidents, the committee has tried to find out the temperature in a burning lamp. When round burners were used under normal conditions, the temperature of the mixed steam exceeded that of the room by 43°, and rose to 54° in abnormal circumstances, whereas the excess of temperature with flat burners amounted already to 55° under ordinary conditions. The temperature of the wick reached 132° to 190° with round burners, and 232° with flat burners. The influence of different qualities of oil was insignificant with regard to the temperature of the burners. A down draught or other cause may also repress the flame, and bring about combustion of the mixed smoke and steam in the reservoir, but such an accident will be harmless, because the openings in the burner, and even the construction of the wick, will allow the gas to escape. Only in very unfavorable cases sufficient steam will accumulate to fill the steam space to excess, and produce overheating and danger. External circumstances may, of course, increase the danger of explosion, as, for example, a lamp with a loose burning-ring. The committee has also measured the pressure which a sudden ignition of the mixed gas may produce, and has found 11 atmospheres to be the maximum; but though a lamp will scarcely contain more than 2 or 3 atmospheres, they will suffice to burst a glass reservoir; the use of glass is consequently conducive to more danger, and should, therefore, not be resorted to. Cardboard basins are capable of resisting a pressure of 5 to 6 atmospheres, and metal ones up to 11. No protection is provided by the use of slowly inflammable oil, though the danger of an explosion is increased with the easier inflammability of the oil. It is well to mention here some of the regulations which have been stipulated in London for the use of petroleum in connection with the investigation instituted by the Berlin Committee. A petroleum lamp should have a broad stand, an extinguishing apparatus, if possible all receptacles should be made of metal, and no open-

ing should exist besides that through the burner. The further provision to surround part of the wick inside the vase with metal in order to prevent the flame from reaching it, is considered by technical authorities to be superfluous, as the danger of explosion is in itself small, and the overheating inside the burner cannot be avoided. The wick should be soft and loosely twisted, long enough, but not longer than to reach the bottom, and its width should permit it to be taken out with ease; it should moreover be dried and saturated in oil before it is put into the lamp in order to prevent water from entering it. The vase (basin) should be completely filled before the lamp is lighted, and the latter should be thoroughly clean, and every speck of dust, &c., carefully removed. After the lamp is lighted, the wick should first be screwed down and then up, whereas it is to be extinguished by blowing across the chimney.—*Ins. Spectator, London.*

### Honolulu.

A representative of the COAST REVIEW found J. W. G. Cofran, of Belden & Cofran, in a chatty mood the other day and drew from him an interesting account of his recent trip to Honolulu, whither he had gone in the interest of the Hartford Fire Ins. Co. So much of Mr. Cofran's narrative as pertained to underwriting matters in the Hawaiian Islands we shall favor our readers with, as follows:

The Honolulu business is, in the main, desirable. The most objectionable feature of the town, from an underwriting point of view, is the narrowness of the streets, except in the rebuilt district. All the large business blocks are now mostly of brick. The dwelling portion of the town is especially good. The dwellings have large grounds, and the foliage is dense and general, thus rendering a general conflagration impossible. The fire limits embrace a large area, having been greatly extended after the conflagration of April, 1886. The fire department and the water supply are first-class. The department can now handle any fire, except in old Chinatown—that part which escaped in the general fire

above referred to. The fire department is a volunteer one, with a paid chief engineer. There are four steamers, several hose-carts, 9,000 feet of good hose and 5,000 more ordered. The fire mains are soon to be connected with a 3,000,000-gallon reservoir, at a sufficient elevation to give 110 pounds pressure to the square inch.

Chinatown in Honolulu, taken as a whole, is less hazardous than the Chinese settlements in other civilized communities. There is less crowding, the buildings or quarters are generally larger, there is more cleanliness, and all the newer buildings are well built and mostly provided with iron coverings to openings.

The smaller towns are not desirable for insurance, except the mills and dwellings. Agencies in such towns are useless, as all the insurance in the islands is contracted in Honolulu or San Francisco. Hilo, owing to the construction of a railway, will doubtless improve rapidly for the next three or four years; but it will never be a good point for insurance, for the town must always be a frame one, earthquakes forbidding the erection of bricks.

There are seven or eight steamers plying between the islands, besides many small schooners. The latter are poor risks. They are commanded to some extent by native captains, easy-go-lucky fellows, who tie up the tiller and "let her go" whenever they want to take a nap or a little poi and raw fish.

All the warehouses are A No. 1 risks. There are fifty-five sugar mills on the islands. These mills are mostly modern, and supplied with improved machinery. They represent the cream of the Hawaiian or Honolulu business. The average rate is three per cent. These mills should all be scheduled, and each rated on its own merits. The hazard varies considerably, and some of the mills burn dry trash and some burn green. The plantation and mill dwellings are good risks.

The general business of the islands is now at a low ebb, owing to the low price of sugar. Few plantations are making money, and many mills are not paying expenses. There is much dissatisfaction

with the government as now conducted, but all are hopeful for a change for the better soon. The soil of the islands is wonderfully rich, and great prosperity will undoubtedly be the general rule after a few years.

Twenty-three fire insurance companies are represented in Honolulu, to-wit: *Ætna*, *Anglo-Nevada*, *Commercial*, *Commercial Union*, *Hamburg-Bremen*, *Hamburg-Magdeburg*, *Hartford*, *Imperial*, *Lion*, *Liverpool & London & Globe*, *London & Provincial*, *Northern*, *North British & Mercantile*, *North German*, *Orient*, *Prussian National*, *Royal*, *Sun of San Francisco*, *Sun Fire Office*, *Transatlantic*, *Union of New Zealand*, *Union of San Francisco*, and the *Washington*. There are eleven agencies, all of whom are associated in a local board established about a year ago by W. P. Thomas. The officers and members are as follows: F. A. Schaefer, President; G. W. Macfarlane, Vice-President; C. O. Berger, Secretary; Bishop & Co., Castle & Cook, Theo. H. Davis, H. Hackfield & Co., A. J. Cartwright, W. J. Irwin & Co., A. Jaeger, H. Riemenschneider. Rates established by the local board in this little city of 20,000 inhabitants are generally lower than in San Francisco, but the rates on detached dwellings are 2 per cent. for three years.

The government general taxes are one per cent., but all property is assessed at a "high-water mark." The taxes on net insurance premiums, formerly one per cent., were recently advanced to two per cent. As the total premiums for the year ending July 1, 1886, were over \$101,000, the insurance companies contributed over \$2,000 last year, in addition to other taxes or fees, toward the support of King Kalakaua's and Queen Kapiolani's kingdom and the liquidation of its \$2,000,000 debt.

We may add here, postscriptually, that Mr. Cofran spoke very highly of the cordial hospitality of the Hawaiians and foreign residents, and the social pleasures of his sojourn on the islands. He is ready to recommend the journey to tourists who may wish to see strange sights and beautiful scenery, visit a sociable and intelligent community, and enjoy a tropical climate.

### The Retort Courteous.

We got ahead of the *Spectator* and *The Year Book*, this year, in printing tables of life statistics, and the result is a rebuke for our "breach of professional courtesy," not in beating our contemporary, for "professional courtesy" does not require us to be unreasonably slow, but in printing the tables after the "plan" of the *Year Book*. It seems that while the figures are common property, being taken from the New York Life Report, their arrangement was original with our contemporary, at "considerable expense and much labor." The tables were originally taken from the *Year Book*, some two years ago, and due credit given therefor. This year they were reprinted, revised, and with additions. The unnecessary, meaningless and misleading industrial figures were eliminated "at considerable expense and much labor." The new, larger and corrected tables were not such as appeared in either of the New York publications, so that the credit, had it been thought of, hardly belonged to the publication from which the tables, as they originally appeared, were taken. We beg to assure the complainant that the figures, as compiled by it, will not again appear in the *COAST REVIEW*. It will be a severe strain upon the intellectual resources of this office, we know, but those figures shall be grouped differently hereafter, if we have to include the "dividends to stockholders" among the expenditures. It is gratifying to us to find in the *Spectator* of May 26th the tables "reproduced *verbatim*" from the *COAST REVIEW* of May (8th), covering 28 years instead of the usual quarter of a century, and without those "industrial" figures which the compiler was too lazy to take out. Our somewhat unamiable contemporary owes us thanks and an apology, a debt which we do not expect it to pay. We take great pleasure in adding that any charge of "unprofessional" conduct would be preferred with better grace by a less "unprofessional" journal than the *Spectator*.

The sixth incendiary fire in the offices of two New York German anarchist papers is reported.

### The South British Insurance Company.

Enterprising New Zealand is well represented in the United States corporately in the South British Insurance Company, which for many years has operated in this field conjointly with the National Insurance Company of the same colony. A statement of the resources and business of the South British is printed elsewhere, and from it we summarize the following points: Subscribed capital, \$10,000,000, with unlimited liability of shareholders; paid-up capital, \$646,280; assets, \$1,421,757; net surplus, \$143,679; premiums, \$1,262,950; income, \$1,316,480; outgo, \$1,274,680. This company has a first-class record on this Coast for honorable and liberal dealings, for the prompt settlement of claims, and the extent of the indemnity dispensed throughout a very large territory. A Pacific Coast department was recently organized, with J. D. Macpherson as manager, and W. P. Thomas, superintendent of agencies.

The South British has extensive agency connection in Australasia, the Orient and Great Britain. Its business is annually increasing, and it offers superior indemnity secured by a large surplus and recommended by an exceptionally good record.

### Portland Items.

The Portland authorities are improving their fire-fighting facilities. New hydrants have been added and mains extended, so that the old cistern system may now be dispensed with. Arrangements are being made for a large fire-boat, which will greatly aid in the protection of the long water-front.

Henry Hewitt & Co. have succeeded E. L. Reed in the agency of the North British & Mercantile and German-American at Portland.

Jas. Laidlaw & Co. have been appointed general agents for the Fire Insurance Association for Oregon and Washington, vice E. L. Reed. Mr. Reed has been appointed Portland city agent for the company.

Two New Portland Companies.

The Columbia Fire and Marine Ins. Co. has been organized at Portland, Or., with

\$500,000 subscribed capital, \$50,000 of which will be paid up during the present month. The Northwest Fire and Marine Ins. Co. has been reorganized, with \$300,000 subscribed capital, and will also pay up \$50,000 thereof within a few days. It is proposed to begin writing on July 1. Many prominent business men of Portland have taken stock in these new enterprises. Admission to California at an early day is contemplated. The companies are officered as follows: Columbia—Frank Dekum, President; J. A. Child, Secretary. Northwest—F. E. Beach, President, and J. H. Elderkin, Secretary. Mr. Child, we believe, is the only insurance man connected with either company. He was formerly President of the Franklin Ins. Co. of Indianapolis, Ind. We assume that both companies will enter the Pacific Insurance Union, now that business men, who expect dividends, are interested. There can be no profit and probably no dividends if the rates are not adequate.

### Graveyard Insurance in Michigan.

The co-operatives in Michigan have been making themselves so offensively conspicuous in rascality that the Legislature recently turned from the consideration of less important and more profitable things, and appointed a joint committee of five to investigate the methods and acts of the hat-passers. According to the last accounts, seventeen had been examined, and nearly all of them were found to be "graveyard" companies, insuring anybody without regard to health or age. The managers were after the fees and dues, and the "applicants" usually knew nothing of the transaction, being insured by speculators, who were themselves the beneficiaries. No medical examinations were required, and the inmates of hospitals and poor-houses were insured as sound, hale and hearty. It is known that "respectable" physicians, with an eye "strictly to business," insured their patients, and the officers of the companies picked up all the "soft snaps" they could find. Assessments were levied frequently and paid promptly, because every beneficiary expected his claim to mature very quickly in the course of nature. It is believed that

nature was assisted in a number of cases, thus adding murder to the crimes of this infamous traffic.

The investigation of the Standard Life, of Marshall, shows that two policies had been issued on paupers for the benefit of Superintendent W. G. Parkiss. He had received \$500 on one of his policies. One of those insured by Parkiss was Mrs. Snow, aged 77 years, who died within thirty days. The other was aged 60 years and died by a fall from a chair. In one case a doctor acted as agent for the applicant and medical examiner and finally in giving proof of death. He collected \$800 from one company and \$1,050 from another company on the death of his patient. There are several other similar cases. In many cases companies have insured persons living in Canada, Germany, England, and Sweden.

It is known that sixteen out of the twenty-eight co-operatives in Michigan are of the "graveyard" type. They paid during 1886 an average of only \$166 for every \$1,000 of insurance promised, and the average age of the members was sixty-three years. The proportion of expenses to receipts was simply enormous. The Loyal Life of Reading received \$53,907, paid \$7,027 in losses, and absorbed \$39,865 for "expenses." The Mutual Life of Mason took seven-tenths for expenses, and the Standard Life was equally expensive. The Old People's Life of Jackson received \$9,555, paid \$160.60 "losses," and \$8,556 for expenses. The Old People's Society of Benton Harbor collected \$24,496 from members and paid \$22,903 for expenses. It should be remembered that all these facts and figures are official and not to be disputed.

Mr. Driggs invited chaos and chaos is here. The other day the Howard Ins. Co. wrote a dwelling-house for three years, amount \$100,000, at the rate of ten cents. This probably is the bottom.—*Age*.

The Missouri Governor vetoed the bill exempting hat-passers from the supervision of the Insurance Department. Sensible man and worthy official is the Governor, and certainly not afraid of demagogues.

## OUR OLIO.

Very satisfactory testimony to the value of life insurance as an investment is the number of wealthy men who are insured for large sums, ranging from tens to hundreds of thousands. Wanamaker, Stetson and Disston of Philadelphia, the dry goods man, the hatter and the sawmaker, all men "rolling in wealth," have \$600,000, \$515,000 and \$500,000 life insurance respectively. Other prominent wealthy men are insured as follows: Dr. Hostetter, of Pittsburg, \$300,000; Pierre Lorillard, \$250,000; Royal Pulsifer, of Boston, \$250,000; Farwell, of Chicago, \$223,000; Chas. A. Dana, \$120,000; Senator McPherson, \$110,000; Don Cameron, Pullman and Geo. W. Childs, \$100,000 each. Not a dollar of this is assessment insurance. If these rich men find life insurance a good way to invest surplus income, it must be a good investment for poorer folk; if these keen financiers are satisfied with the security, it is absurd for anybody to distrust it; if they dare not rely upon their property, how much less should the merely well-to-do depend upon their accumulations to protect their families. It is a singular anomaly that the rich, who need life insurance least, value it most; while the poor, who need the consolation and protection of life insurance most, place the lowest value upon it, and easily imbibe silly prejudices against it.

Connecticut has passed a law to prevent discrimination by life insurance companies against persons of color. It is a copy of the Massachusetts law. As the higher rates for colored people are based on a higher rate of mortality, they are just, and the discrimination is as necessary as that between various ages. But justice aside, what in the name of common sense is the use of passing a law whose only effect is to deprive the colored man of life insurance? The companies cannot be compelled to insure the colored man if they do not want to; and it would be folly to insure him at an inadequate rate. The enactment of such a law is merely demagoguery. The colored man has inherited from slavery and savage

ancestry a shorter span of life than that of the white man, and the "span" has been still further abridged by unsanitary conditions of life; yet the cod-eating and nutmeg-making legislators of Massachusetts and Connecticut treat the discrimination in life insurance rates as a discrimination against color.

Ex-Judge Noah Davis, who was appointed by the Surrogate of New York to make an examination of the qualifications of corporate surety companies to issue large bonds, says:

If properly managed the system is sure to afford great protection to the creditors and beneficiaries of estates, and especially to the estates of infants, persons *non compos* and married women; and to induce greater integrity and care and attention in the conduct and management of estates by persons holding trust relations to them. The temptations to dishonesty and delay are largely removed by the mode in which securities are kept and by the increased care and surveillance to which they are subjected, to which the supervision in respect of accounting adds an additional protection.

Claims for damaged sugar have become so frequent that the National Board of Marine Underwriters has given the subject attention. The conclusion is, that the damage to sugar is in nearly all cases intrinsically unimportant, but complaint is made that certain importers—"particularly in other cities" than New York, wherein deponents live and draw their marine premiums from sugar importers—make unfair selections and exaggerated estimates of damage. The remedy suggested is to insure "free of claim for damage, but liable for loss in weight caused by sea peril, and amounting to blank per cent. on sum insured."

George's Anti-Poverty party should advocate life insurance. Next to work, life insurance is the only real anti-poverty measure.

E. D. Williams, a disreputable Chicago character who has been exposed in these columns, is working for the Mutual Reserve Fund, and is an "all-round" assessment actuary. Williams is prepared, at a moment's notice, to disprove the old adage

that "figures do not lie"—that is, assessment figures.

The *Chronicle* of New York has unearthed an old compact adopted by the fire companies of the metropolis in 1821, to wit:

The undersigned, officers of the different fire insurance companies in the city of New York, hereby mutually agree with each other that they will in all cases invariably conform to the rates of the premium by not taking less than those which are established by the rules and regulations, or as they may be from time to time altered in general meetings of said officers; and in case the officers of any company shall make insurance at a less rate of premium than that established for the risk, such company shall forfeit and pay a sum equal to one-half the premium which ought to have been charged on such risk, the forfeitures to be disposed of as may be directed at a general meeting.

This simple form of compact was more effective and more durable far than the elaborate, temporary and lamentable Metropolitan.

N. O. Lauve, a prominent Texas underwriter, died at Austin last month. Mr. Lauve was a general agent for the Commercial Ins. Co. of San Francisco and other companies. He was a graduate of Harvard, served in the Confederate army as Captain, and had been engaged in the insurance business in Texas for the past twenty years. A friend sends this obituary: "Capt. Lauve was true as steel to his convictions of right and justice, loyal to all trusts, and selfish only in his determination to preserve untarnished his honor and good name. The insurance fraternity has lost a pillar of moral strength and high intelligence, and the State of Texas one of its best citizens."

We monthly appropriate a number of news items and decisions and sometimes clippings from papers or official documents from our Eastern contemporaries. We can seldom give credit to the journals from which they are taken, because they are apparently common property, and one exchange is no more entitled to the credit than another exchange. But with news items, etc., taken from the *COAST REVIEW* no such difficulty presents itself to our contemporaries; yet the Pacific Coast news is cribbed monthly by our "enterprising"

exchanges, and a line of credit is a rare exception. We are not seriously objecting to these little breaches, however. We long since grew callous in the matter, and, besides, everybody takes or reads the COAST REVIEW, anyway.

A physician discusses the value of urine examinations in life insurance, in a recent issue of a St. Louis medical journal. He says:

In the entire field of medicine there is no class of bodily ailments diagnosed with more accuracy than affections of the kidneys. With the aid of the microscope in examining the solid constituents of urine, the chemical analysis is corroborated, the course of the disease is watched, the effect of prescribed remedies noted, and our line of treatment regulated accordingly.

He concludes, however, that the value of urine examinations in life insurance does not justify the extra expense. The ratio of deaths from kidney diseases is less than three per cent., and in a majority of cases it is impossible to obtain a correct analysis. Where large amounts are involved, however, such an analysis becomes necessary. The physician gives the following as a fact:

The importance of knowing whose urine is examined is well illustrated in the case of a canvasser for one of the largest life companies in New York city, who, when the mandate went forth that urine analysis was to be required in every case, submitted a specimen of his own for examination. It was pronounced normal, and for several months after that he presented a bottle of his own urine with every application he secured.

The United States Supreme Court recently gave a decision which is of interest to all corporations. Many States have a statute making the permission to do business by foreign corporations dependent upon an agreement not to remove to Federal courts suits brought in State courts. The Supreme Court says that as the Iowa statute makes the right to a permit dependent upon the surrender by the foreign corporation of a privilege secured to it by the Constitution and laws of the United States, the statute requiring the permit must be held to be void. In former cases, where foreign corporations had stipulated not to remove cases from the State to Federal courts, as a condition precedent to a license, the Su-

preme Court refused to grant an injunction restraining the officers of the State from withdrawing the license. The question as to the right of a State to impose upon a corporation engaged in inter-State commerce the duty of obtaining a permit from the State, as a condition of its right to carry on such commerce, was dismissed as "a question which it is not necessary to decide in this case."

The recent heavy fires in New Hampshire have alarmed property owners in that State. The local companies were severely tested, and it is admitted that one or more large fires would bankrupt them. One local mutual incurred \$7,000 losses, and its "assets" consist of \$9,000 in premium notes. If the valued-policy law is not repealed very soon, after such a warning as the recent fires, the State may be set down as the pocket borough of Mr. Jones the brewer or somebody else.

It is hinted that the real Insurance Commissioner of Connecticut, the *de facto* official, is the man who was obliged to resign because he used the office as a means wherewith to increase the insurance advertising patronage of his newspaper.

The burning of the celebrated Opera Comique in Paris on the evening of May 25, with frightful loss of life, affords a text for an article on the limited exits and inflammable character of nearly all theatres, especially in San Francisco, and the culpable neglect of the authorities—an article which we shall not write, however.

A new compact has been made by New York underwriters, embracing the Metropolitan district. It is similar to the old compact, and limits commissions to ten per cent. No deduction is made for co-insurance clauses on rated risks outside of the tariff district and on rated storage stores. The compensation of branch managers is not to be higher than that of brokers, and they must not accept rated risks from brokers at all. An auditor of branch offices has been created, each branch paying an annual fee of \$10. Mr. Moore's plan has been

adopted, whereby all property-holders who place all their insurance with members of the association are to be allowed a considerable reduction from schedule rates. Any member may withdraw from the association on thirty days' notice.

Late news contradicts the first report that the iron-gauze drop-curtain of the Opera Comique in Paris was lowered at the recent fire. The actors and "walking gentlemen" and "supes" all fled and left the fire free vent into the auditorium or spectatorium. Probably the curtain wouldn't have worked anyway. Such a device is seldom in order. Any law requiring it should also require that it be always lowered with the regular drop-curtain. It might be well, also, to have the means of lowering the iron curtain within the reach of and plainly to be seen by the spectators.

An applicant for a policy in a regular life company, in San Francisco, informed the medical examiner, with whom he was acquainted, that he was going to allow his certificate in the Ancient Order of United Workmen to lapse. The doctor, who is also a member of that order, inquired the reason. "Because," said the applicant, "the assessments are steadily increasing, and I want better and more substantial insurance." "Well," replied the doctor, "I think I'll stick to the order." "I would, too, if I were in your place," said the other, without any intimation in his tone of voice that he was thinking of the doctor's 60 years. The applicant for a regular policy of genuine life insurance was 34 years old. This difference in the ages accounts for the lapse of the one and the adherence of the other. The young drop out and the old hang on.

The following paragraph sounds very much like an "old-line" argument against assessment insurance; but it was written by the committee on legislation of the St. Louis assessment convention.

In nearly every State it is possible to organize companies without requiring any evidence of stability, or even of purpose to transact business honestly, thus leaving an open door for the entrance of organizations to do business under a

form of law, and yet follow a disreputable, or what is generally known as wild-cat insurance business. Many such companies have been organized, and are proving to be a burning disgrace, a shame, a blight upon the business of assessment insurance.

For saying substantially the same thing the COAST REVIEW has been denounced by the hat-passers as "a lying old-line organ." The possibilities for fraud in the management of assessment companies, in the absence of legislation, are not greater anywhere than here in California.

Assessment insurance is flourishing in the usual crawfish fashion in Minnesota. Take the following cases for examples: The American of Minneapolis incurred \$52,000 death claims and paid only \$12,154 thereof. The Northwestern Aid reports twenty-two death claims, of which only thirteen have been "paid." The United States Beneficial Society of St. Paul has only twenty-six paying members. The St. Paul Life, with 400 members, has suffered three deaths and paid \$217.36 on one claim. There are numerous marriage endowment swindles in the large cities—all fool-pluckers.

The *Argus* of Chicago says "two decisions came to us from the U. S. C. C. N. D. Cal.," but it fails to say that the "decisions" came to it through the columns of the COAST REVIEW, for which the decision in question was specially reported, as stated.

According to the *Chronicle's* suicide tables, more married persons take the "leap into the dark" than single persons. This seems natural enough, but the fact that far more males than females are suicides is not so reasonable. Our contemporary deems it of sufficient importance to announce that "the fact is well brought out that suicide is most common between the ages of twenty-five and sixty."

"Respectable citizens" of Elkwood, Dakota, recently collected \$6,000 insurance on the life of a "straw" man. Suspicious circumstances led to an investigation. The coffin was found to contain nothing but stones. It is a wonder that this crime does not occur oftener than it perhaps does.

## FIRES.

## California.

May 14, Valona, smelting works: Twenty companies.....	\$2,241	May 4, Chico, dwelling: London, Northern & Queen.....	\$3,750
May 14, Moore's Station, dwelling: Etna.....	\$850	Imperial.....	1,250
May 8, Williams, stable: American Central.....	\$100	May 30, San Diego county, barn and contents: Phenix, Brooklyn.....	\$2,000
May 22, Martinez, dwelling: Commercial Union.....	\$220	May 10, San Leandro, frame dwelling: Oakland Home.....	\$150
May 15, Fresno, general fire: Hartford.....	\$400	May 26, Lodi, frame dwelling and contents: Manchester.....	\$340
Oakland Home.....	850	May 29, Sonoma county, dwelling and barn: Firemans Fund.....	\$125
Home Mutual.....	270	May 31, near Santa Cruz, dwelling: Etna.....	\$562
Washington.....	500	May 4, Redding, saloon, restaurant, etc.: Hartford.....	\$525
Lion.....	1,500	Connecticut.....	670
Merchants, N. J.....	750	Phenix, Brooklyn.....	600
Western, Toronto.....	700	May 31, Oakland, dwelling: State Investment.....	\$300
Fire Ins. Ass'n, London.....	600	May 2, Sacramento county, frame dwelling and barn: Oakland Home.....	\$384
Total.....	\$5,570	May 17, Nevada county, piled lumber: Traders.....	\$1,000
May 10, Suisun, dwelling and livery stable: Hartford.....	\$100	Oakland Home.....	1,000
Phenix, Brooklyn.....	1,250	May 6, Fresno, barn: Lion.....	\$1,000
Pennsylvania.....	750	May 8, Berkeley, dwelling: German-American.....	\$100
May 12, Suisun, grain and warehouse: Springfield.....	\$1,075	May 1, Mariposa, frame building and dwelling: Commercial.....	\$2,200
Howard.....	1,075	May 12, Ione City, frame dwelling: Liverpool & London & Globe.....	\$700
Fire Ins. Ass'n, London.....	842	May 4, San Jose, general fire: Prussian National.....	\$ 450
May 22, Antioch, dwelling: State Investment.....	\$1,900	Liverpool, London & Globe.....	9,575
May 25, Downieville, frame dwelling: Home & Phenix.....	\$500	London, Northern & Queen.....	1,275
May 5, Napa county, frame barn and hay: Phenix, Brooklyn.....	\$177	State Investment.....	732
American, Phila.....	384	Helvetia.....	100
May 26, Napa county, frame barn: Firemans Fund.....	\$250	London & Provincial.....	100
May 16, Fresno county, dwelling: Phenix, Brooklyn.....	\$325	California.....	130
May 19, Plano, boarding house: Home & Phenix.....	\$700	Union, New Zealand.....	1,000
May 24, Los Angeles, frame building and machin- ery: Continental.....	\$400	Citizens, Ohio.....	100
St. Paul.....	300	Orient.....	1,320
May 18, Los Angeles county, dwelling: Phenix, Brooklyn.....	\$2,163	Lion.....	1,150
May 5, El Dorado county, dwelling and contents and barn: Westchester.....	\$1,250	Washington.....	1,900
May 30, Stockton, general merchandise and frame building: State Investment.....	\$600	Glens Falls.....	625
Commercial Union.....	970	Merchants, New York.....	1,150
May 17, Stockton, wine in cellar: Traders.....	\$971	German, Pennsylvania.....	750
Oakland Home.....	1,423	German, Illinois.....	1,000
London, Northern & Queen.....	2,846	Concordia.....	1,575
Total.....	\$5,240	Clinton.....	1,750
		Howard.....	400
		Springfield.....	1,150
		Merchants, New Jersey.....	450
		North British & Mercantile.....	100
		Fire Insurance Association, London.....	3,101
		Total.....	\$29,883

**California.**

May 30, Santa Cruz, general fire:	
Germania.....	\$1,000
State Investment.....	236
Home & Phenix.....	208
Home Mutual.....	2,000
New York Underwriters.....	600
Lion.....	500
North British & Mercantile.....	1,000
German-American.....	600
Westchester.....	1,300
Pennsylvania, Philadelphia.....	1,000
American, Philadelphia.....	500
Phenix, Brooklyn.....	1,500
Total.....	\$10,444
May 23, San Diego, tinners' tools:	
Royal, Norwich Union & Lancashire.....	\$177
May 15, Ferndale, dwelling:	
London, Northern & Queen.....	\$375
Imperial.....	125
May 2, Los Angeles general fire:	
Hartford.....	\$300
North German.....	1,000
Home Mutual.....	4,000
Oakland Home.....	1,500
Caledonian.....	240
American, New Jersey.....	240
Sun, San Francisco.....	2,500
Williamsburg City.....	1,000
Imperial.....	190
Southern California.....	2,000
Union, San Francisco.....	1,000
North British & Mercantile.....	100
German-American.....	100
London, Northern & Queen.....	540
Prussian National.....	1,000
Total.....	\$15,710
Small unreported losses.....	6,000
Total, California (S. F. excepted).....	\$112,593
May 21, San Francisco, frame building:	
New Zealand.....	\$250
May 2, San Francisco, dwelling:	
State Investment.....	\$225
May 2, San Francisco, groceries:	
New York Underwriters.....	\$1,300
May 13, San Francisco, merchandise:	
Home & Phenix.....	\$385
May 22, San Francisco, paints, etc.:	
National, Ireland.....	\$112
Atlas.....	112
May 17, San Francisco, cigars:	
Hamburg-Bremen.....	\$830
Commercial Union.....	1,000
May 27, San Francisco, dwelling:	
Southern California.....	\$860
May 27, San Francisco, frame building:	
Southern California.....	\$250
May 7, San Francisco, frame building:	
Lion.....	\$827

May 27, San Francisco, marble yard:	
New Zealand.....	\$1,000
North German.....	700
Transatlantic.....	700
May 27, San Francisco, frame building:	
Hamburg-Bremen.....	\$620
Niagara.....	620
May 30, San Francisco, dwelling:	
New Zealand.....	\$1,000
May 13, San Francisco, cigars and tobacco:	
North German.....	\$500
May 11, San Francisco, machinery and stock:	
St. Paul.....	\$1,000
May 10, San Francisco, frame dwelling:	
Firemans, Baltimore.....	\$150
May 28, San Francisco, furniture:	
Firemans Fund.....	\$150
May 11, San Francisco, beer kegs:	
Lion.....	\$100
April 30, merchandise:	
California.....	\$125
May 10, San Francisco, barn:	
Sun, San Francisco.....	\$500
May 12, San Francisco, jewelry:	
London & Lancashire.....	\$115
Manchester.....	646
May 10, San Francisco, general fire:	
Phenix, Brooklyn.....	\$1,000
American, Philadelphia.....	500
Pennsylvania, Philadelphia.....	1,000
London, Northern & Queen.....	2,250
Imperial.....	750
Connecticut.....	1,000
South British.....	1,460
Fire Insurance Association, London.....	750
Boylston.....	160
Atlas.....	214
Security.....	1,200
Hamburg-Bremen.....	1,650
Springfield.....	900
German, Illinois.....	1,250
Concordia.....	500
Clinton.....	500
Imperial.....	500
State Investment.....	1,375
Firemans Fund.....	1,000
Scottish Union & National.....	245
Providence, Washington.....	760
London & Provincial.....	1,000
Helvetia.....	1,300
Svea.....	904
Niagara.....	750
Sun Mutual.....	1,000
Southern.....	750
Prussian National.....	2,000
Amazon.....	480
North German.....	2,000
Transatlantic.....	1,000
Hamburg-Magdeburg.....	480
Hartford.....	108
Total.....	\$30,226

May 8, San Francisco, household furniture: Firemans Fund.....	\$105
May 28, San Francisco, dwelling: Royal, Norwich Union & Lancashire.....	\$375
May 13, San Francisco, frame buildings: London & Provincial.....	\$1,950
Helvetia.....	1,950
May 25, San Francisco, stock and fixtures: City of London.....	\$214
May 27, furniture factory, Helvetia.....	\$1,000
May 7, San Francisco, groceries: North German.....	\$600
May 1, San Francisco, stable: Ætna.....	\$300
May 1, San Francisco, furniture: Ætna.....	\$250
May 11, San Francisco, harness: Hartford.....	\$250
May 20, San Francisco, barn: Connecticut.....	\$1,500
May 17, San Francisco, buildings: Svea.....	\$2,000
Oakland Home.....	2,000
May 17, San Francisco (South), general fire: South British.....	\$2,217
Fire Ins. Ass'n, London.....	2,250
Hamburg-Bremen.....	2,000
German, Ill.....	1,250
Springfield.....	1,250
Scottish Union & National.....	500
National, Hartford.....	500
Helvetia.....	2,000
Home Mutual.....	1,000
Guardian.....	1,500
Amazon.....	875
Pacific.....	875
Hamburg-Magdeburg.....	2,500
Germania.....	2,500
Magdeburg.....	850
State Investment.....	1,600
Oakland Home.....	1,000
Traders.....	750
Transatlantic.....	2,000
North German.....	2,000
Sun Mutual.....	750
Southern California.....	750
Prussian National.....	4,000
Total.....	\$34,917
May 21, San Francisco, wine: Fire Ins. Ass'n, London.....	\$375
Springfield.....	375
Hamburg-Magdeburg.....	389
Ins. Co. of North America.....	375
May —, San Francisco, dwelling: Union.....	\$750
May 31, San Francisco, cigars: Fire Ins. Ass'n, London.....	\$518
Total, San Francisco.....	\$95,010

Small unreported losses.....	\$4,500
Total, California.....	\$207,600

**Oregon.**

May 15, Portland, furniture and dwelling: Union.....	\$375
Royal, Norwich Union & Lancashire.....	\$157
May 9, Salem, dwelling: Lion.....	\$483
May 3, Salem, brick building: Royal, Norwich Union & Lancashire..	\$250
May 16, The Dalles, dwelling: Firemans Fund.....	\$696
May 19, McCoy, dwelling: Home Mutual.....	\$450
May 4, Gaston, dwelling: Home Mutual.....	\$126
April 27, Jacksonville, quartz mill: Oregon.....	\$1,250
May 7, Portland, dwelling: Oregon.....	\$340
Total Oregon.....	\$4,127

**Montana.**

May 21, Butte, frame building, lodging house and merchandise: London & Lancashire.....	\$750
Hartford.....	600
American, Phila.....	1,000
South British.....	500
Union, S. F.....	410
City of London.....	250
Ætna.....	750
May 6, Billings, buildings and lodging house: South British.....	\$1,675
City of London.....	327
Phoenix & Home.....	520
Ætna.....	140
May 7, Maiden, brewery: Union, S. F.....	\$580
Phoenix, London.....	580
Ætna.....	1,000
May 10, Miles City, court-house: Connecticut.....	\$125
May 4, Bozeman, dwelling: Washington.....	\$1,000
May 1, Butte City, bakery and frame buildings: National, Hartford.....	\$330
State Investment.....	585
Total Montana.....	\$11,122

**Washington.**

May 25, Lewis county, dwelling: London, Northern & Queen.....	\$675
Imperial.....	225
Apr. 29, Bickleton, general merchandise: Phoenix, London.....	\$1,500
Oregon.....	1,500

May 17, Spokane Falls, frame hotel:

National, Ireland.....	\$950
Clinton .....	1,000
Lion .....	326
Orient .....	163
Washington.....	63
Commercial Union..	489
Home Mutual.....	578
Fire Insurance Association.....	325
Phenix, Brooklyn.....	489
Total Washington.....	\$8,383
Small unreported losses.....	\$1,400

Grand total... ..\$232,635

## LOCAL MELANGE.

Received.

Second edition of Wm. Paul Gerhard's "The Prevention of Fire:" New York; price, 60 cents. A little work full of valuable suggestions on fire prevention, chiefly with reference to hospitals, asylums, hotels, schools, factories, warehouses, etc.

Massachusetts Fire and Marine Insurance Report, 1887; Illinois Fire Insurance Report, 1887; Missouri Insurance Report, 1887; Michigan Fire and Marine Insurance Report, 1887; New York Fire and Life Insurance Report, 1887; Canada Insurance Report.

The Chicago *Argus* Comparative Chart for the Western States.

Massachusetts Insurance Laws.

*The Open Court*, a fortnightly "scientific religious journal" published at Chicago.

Insurance Associates.

We are credibly informed that there is now about completed and ready for operation, in this city, a corporation to be styled the Insurance Associates. The object of the new organization is to do a general fire, life, accident and marine business, special agency and adjusting work, and all expert work in the several branches. The capital stock is \$200,000, paid up. This item is confidential.

London & Provincial.

The London & Provincial Fire Insurance Company of London, represented here by Harry W. Syz, is able to show a balance on the right side of the ledger this year, as the result of more cautious underwriting and

reduced expenses. The cash capital of this company is \$246,185, and the assets are \$696,682. The surplus to policyholders is \$266,480. The total income last year was \$713,690, and the expenditures were \$708,957. The London & Provincial is now in a position which warrants confidence in its success in the future. All the extraordinary preliminary expenses have been paid, and a better class of business has been secured without materially reducing the premium income. The company has always done a fairly large business in this field, with an average loss ratio of only 34 per cent.

Examined and Approved.

The Fidelity and Casualty Company of New York recently underwent a thorough examination by Chas. Shandrew, Insurance Commissioner of Minnesota, and John J. Brinkerhoff, Deputy Auditor of Illinois. The examination, which was completed May 23d, gave the following results:

Assets, Apr. 30, 1887.....	\$600,037 20
Liabilities.....	303,404 54
Surplus to policyholders.....	296,632 66
Surplus to stockholders.....	46,632 66

There were, besides, \$10,709.65 of unadmitted assets. Comparing the figures of January 1 with the foregoing, we find a gain of \$21,932.15 in assets during the four months, and a gain of about \$12,000 in surplus. The Fidelity and Casualty, represented in this field by Jas. R. Garniss, has \$250,000 cash capital, of which \$200,000 in government bonds is deposited with the New York Insurance Department for the benefit of all policyholders—fidelity, accident and plate-glass.

London & Lancashire.

A prosperous year enables the London & Lancashire Fire Insurance Company of Liverpool to add largely to its assets and net surplus, and pay a handsome dividend. The following figures we take from the COAST REVIEW CHART: Capital, \$926,000; assets, \$3,297,524; net surplus, \$1,031,934; premiums, \$2,410,553; income, \$2,527,263; expenditures, \$2,354,319, leaving \$172,944 as the net profit on the year's transactions, after paying 10 per cent. dividends. In the

United States the London & Lancashire has \$1,430,065 assets and a net surplus of \$777,574 for the benefit of American policyholders. The American premium income is nearly \$1,000,000 annually. On the Pacific Coast, where the company is represented by Balfour, Guthrie & Co., and under the direction of Geo. W. Spencer, an excellent and largely increased business was transacted last year, the premiums aggregating \$128,213, with only 43 per cent. losses.

#### The Underwriters' Guild.

The California, Commercial, Firemans Fund and Union of San Francisco and the Union of New Zealand have associated themselves for the transaction of a fire business in China and Japan. The five companies will operate in the Orient under the title of the Underwriters' Guild. A marine business will be done in that field by several of the companies in their individual corporate capacity.

#### Coast Review Chart.

The COAST REVIEW INSURANCE CHART has been printed and delivered to subscribers. A few extra copies are for sale at this office, bound in paper or leather. All the fire and life companies working in this field are represented. The parent-office figures of foreign companies are given as usual.

#### The Transatlantic.

The Transatlantic Fire Insurance Company of Hamburg made gains in all its departments last year, increasing its assets, net surplus and premiums, and reducing its losses. Liberal dividends were paid as usual. The United States branch did equally well. Of the \$1,251,296 assets of the Transatlantic, over half a million are invested in the United States, with \$344,758 surplus. Of the \$519,335 premium income, \$215,826 is drawn from the United States. The company has a net surplus of \$276,166, and \$576,166 surplus to policyholders. It has, besides the million and a quarter assets, an equal sum in stockholders' notes, issued under a strict German law and payable on demand. Since organization in 1872 the Transatlantic has re-

ceived \$10,418,773 in premiums and paid \$5,883,527 losses and \$347,625 dividends, besides accumulating \$951,296 for reserve and surplus. The standing of the company is as satisfactory to the policyholders as its progress is gratifying to all concerned. Geo. Marcus & Co. have always transacted a large and very profitable business for the company in this field.

#### A Prudent Landlord.

The new railroad hotel at Pacific Grove is not likely to burn as the Hotel del Monte did; for the manager altered the date of the formal opening of the new hotel from Friday—which, as everybody knows, is an unlucky day—to Wednesday, which nobody can authoritatively say is an unlucky day. The El Monte hotel was burned on Friday, which alone is satisfactory evidence that the inauguration of the new hotel on the same day of the week is an affront and a challenge to the fire furies. Besides, Friday is the sixth day of the week, falling between the fifth and the seventh, a most unlucky position. The American Indians will endorse the superstition of the prudent hotel manager, for Columbus discovered America on Friday.

#### Not Insurance.

A defendant life insurance company, in an Indiana court, offered as defense the fact that the insured, in his application, had denied having any other insurance, when in fact he held a certificate of insurance in the Knights of Honor. The Court refused to consider the certificate as insurance, and instructed the jury that the deceased had not lied when he said he had no other insurance. His Honor was right.

#### Too Many Assessments and Too Much Litigation.

In August, 1885, the Mutual Reserve Fund Life Association of New York issued an announcement containing the names of 254 "prominent members." In a similar announcement, issued in January last, 202 of these names do not appear in the list of "prominent members." Increasing assessments and the extraordinary litigiousness of the association doubtless persuaded this large number of prominent members to

withdraw. It is no wonder that the Mutual Reserve Fund went abroad to find "new blood." The American supply was exhausted.

#### Liability of Co-operative Members.

Any one thinking of joining one of these assessment societies, should first carefully read and ponder the case of the The Columbia Insurance Company v. Buckley. It was a fire insurance case, it is true, but the Supreme Court of this State expressly decided that, although a condition be attached to a policy declaring it shall be void on a failure to pay an assessment, yet the policy does not thereby become *ipso facto* void; the company may waive its right of avoidance and continue to levy assessments.

And it was also stated, that "a company may, undoubtedly, waive any condition made in its favor. When it does so, the rights and obligations of the insured become restored as fully as if the condition had not existed."—*Philadelphia Insurance News*.

#### Merely Personal.

W. W. HASKELL, general agent for the Travelers, is looking after the company's interests in Montana.

MANAGER STILLMAN of the Pacific Insurance Union returned last week from Portland.

D. J. STAPLES, President of the Firemans Fund, is making an extended tour of the Eastern States.

PRESIDENT BROMWELL of the California, has returned from his Eastern trip. He reports fire underwriting interests in New York in a greatly demoralized state.

JAS. M. GIBBONS, Secretary of the New England Mutual Life Ins. Co., and J. G. Wildman, of the same company, visited the Coast last month.

RICHARD IVERS, one of the organizers and the Vice-President of the State Investment since it was organized, died in this city last month.

H. K. BELDEN and family are spending a vacation in the Santa Cruz mountains. Belden has a rod and line with him, but

his friends are still looking for that mess of trout.

RODOLPH HEROLD returned last week from his Eastern jaunt, thoroughly well pleased with the "time," and the hospitality of the Eastern "boys." He congratulates himself that he returned alive and with some remaining appetite.

W. H. C. FOWLER, Secretary of the California Ins. Co., has gone East to attend to the marine interests of the company in that field, and will extend his visit to Nova Scotia. Mr. Fowler is an energetic and experienced marine underwriter. We bespeak for him the cordial welcome and attention of the down East folk.

#### The Chip-File.

—The last *Age* had few of the old familiar signs of age.

—The Prussian National Insurance Company is extending its business in the Rocky Mountain territory. David Hirshfield, of Hirshfield & Jacoby, the general agents, returned from Colorado, Wyoming, etc., a few days ago.

—The California winter or "rainy season" is over, and we can now record the fact that all prophesies of a dry winter were failures. If the winter wasn't a wet one, it certainly wasn't a dry one; and the flea sign, and the fog sign, and the Chili sign, will never again be trotted out by the weather prophets—not for a winter or two, any way. The fire loss does not appear to have been affected in the least by the weather, one way or the other.

—Insurance Commissioner Tarbox of Massachusetts died on the 28th ult., after a short illness. Mr. Tarbox was one of the brightest Commissioners of Insurance. He was a thorough student, original and fearless and conscientious. His enthusiasm and his originality led him into some vagaries, but he was a faithful and an unusually capable official. We have been pleased many times to quote from his official documents, often, too, when we could not endorse his conclusions nor support his measures. The new and excellent Massachusetts assessment law was the special work of Mr. Tarbox.

—The American Surety Co. is getting a great deal of free advertising.

—Sara Bernhardt informed a reporter that, while the Paris firemen are thoroughly trained, they do not equal the San Francisco firemen in speed and skill.

—E. L. Ireton, formerly general agent of the California in the East, has a local appointment for the Phoenix of London of Cincinnati, and is also doing a general adjusting business.

—Conrad & Maxwell have been appointed general agents for the American Steam Boiler Ins. of New York. These energetic agents propose to push boiler insurance in this field, and have already done well for the company.

—Chas. H. Stewart, actuary of the Union Central Life Insurance Co. of Cincinnati, has been appointed manager of the Pacific department, with headquarters at Los Angeles.

—Elsewhere can be found a communication as to the case of Kruger v. Western F. & M. Ins. Co., recently disposed of by the California Supreme Court. The writer upholds the decision, which had been criticised by a San Francisco lawyer.

—The Fidelity Mutual Life Association of Philadelphia, formerly and perhaps now represented at Los Angeles, collected \$192,135.84 from members, last year, but paid back to claimants only \$97,457.99, or 50 per cent. That was charging a dollar for collecting and paying a dollar. The officers of the Fidelity of Philadelphia have a fat thing, and they are holding on with by no means rare fidelity.

—During the past six or eight months the catalogue of insurance publications for sale at this office, printed in our advertising pages, has appeared seldom. We have through this omission received gratifying evidence that all the advertising pages are scanned by many readers of this journal; for whenever the catalogue was printed we received numerous orders for books, and when the catalogue failed to appear, few or no books were sold. This is satisfactory testimony as to the value of our advertising department.

—We are indebted to Alfred Jaeger of Honolulu for a copy of a recent decision of the Honolulu Supreme Court, printed elsewhere in this issue of the COAST REVIEW.

—Maj. Wm. Bowen, general agent for the southwestern department of the California Ins. Co., succeeds the late Mr. Lauve as representative of the Commercial Ins. Co. of California. Mr. Bowen will represent the California and Commercial in Texas, Arkansas, and Louisiana.

—Frank Locke has been appointed general manager of the Fire Insurance Association of London, vice W. P. Clirehugh, resigned. Mr. Locke has been the United States manager for several years, and was formerly connected with the parent office in London. Manager Letton of the Chicago department has been appointed to succeed Mr. Locke as United States manager.

—J. H. Josselyn, a San Francisco physician of most unsavory repute, has been charged, by a San Francisco daily, with conspiring with thugs to assassinate a member of an assessment company for the amount of his insurance. The sensational charge lacks all the elements of reasonable probability. The "doctor" is the examining physician of the fraternal order, and could easily and may pass unfit applicants and secure their "insurance" without resorting to murder. The fact that such a character as Josselyn is a founder of one co-operative, an examiner of another, and influential in several of the hatpassers, stamps the system with the seal of fraud.

—W. B. Parker and J. K. Hamilton of San Diego have consolidated under the firm name of Parker & Hamilton. They have bought out the general agency of J. H. Clinkscales & Co., and will retain the agency of the companies represented by the latter. The new agency now includes eighteen foreign and domestic fire companies and one life and accident company. With such an array of the best companies and such an aggregation of assets, and a booming town with "a harbor and a climate," the young men comprising the new firm should be able to "whoop" things and secure for their companies a large and choice business.

—Tadlock, Selleck & Swett is the name of a new firm recently established at Fresno.

—Marshall J. Roe, with General Agent Forbes of the Mutual Life, has been appointed Superintendent of Agencies for the company for Oregon and Washington, with headquarters at Portland.

—Jesse Watson, Jr., of the Williamsburgh City Fire Ins. Co., who visited this Coast in April, did not come here for the purpose of "busting" the compact, as suspected by some of our more apprehensive underwriters.

—On account of the increase of business of the Hamburg Bremen Ins. Co., an additional floor of the building at 62 and 64 Cedar street, New York, has been rented to accommodate the American branch headquarters.

—At the adjourned meeting of the Pacific Insurance Union, held on the 10th ult., Wm. J. Dutton, C. F. Mullins and Edward Brown were elected to complete the Executive Committee. The other four are Geo. W. Spencer, Chas. R. Story, W. P. Jones and I. Gutte.

—Judge Turner, of the District Court at Spokane Falls, W. T., recently decided that the burning of a building which was unoccupied was not arson under the Territorial laws. It seems that a man and his wife set fire to their unoccupied dwelling for the purpose of securing the insurance money. The evidence of their guilt was conclusive, but the law or the Judge was at fault.

—The local agents of Santa Cruz have been "kicking" about the rates in the frame ranges of that summer seaside resort. They have argued lustily that the rates imposed by the Union were entirely too high, because "we have never had any fires of any consequence." The reason back of their protest was simply a loss of commission, for the wooden-range men cut down their insurance and very sensibly lightened the pockets of the locals. Since the late \$50,000 fire in the Santa Cruz frame ranges the locals have had nothing to say about high rates.

—The Equitable Life Assurance Society ranks first in insurance written last year and in insurance in force on December 31st.

—The Niagara Ins. Co. of New York has purchased the building on the corner of Cedar and Broadway, which they have long occupied.

—J. H. Hopkins, for the past three years Oakland agent for the California Ins. Co., has resigned his position and leaves for the East in a few days to take a theological course.

—W. N. Baement, general superintendent of the Eastern agencies of the California Insurance Company, is making a personal inspection of each agency throughout the Eastern and Southern States.

—Jas. L. Fogg, Supt. of Agencies, recently visited Washington and Oregon in the interest of the Connecticut Mutual, and appointed Wm. A. Charles agent for Portland and vicinity; J. C. Booth agent at Salem, Or.; Charles Henry agent at Walla Walla, W. T.; S. S. Waldo agent at Seattle; and Charles Aitken agent at Tacoma.

—Frank W. Young, for the past four years special agent for Messrs. Dornin's and Sexton's agency, has been appointed special agent and adjuster for Southern California for the Firemans Fund Ins. Co. Mr. Young began the insurance business in 1878 as local agent for the Home & Phoenix, at Santa Rosa. He is a first-class field man, and the Firemans Fund has made a very desirable acquisition.

—Over \$200,000 stock of the new Liberty Ins. Co. of New York is owned by the directors of two prominent life insurance companies. Considerable of the stock is also held in this city by three prominent stockholders of the California Insurance Company. At the meeting of the stockholders of the Liberty, recently, Col. Bromwell was honored with an appointment as one of the directors. Messrs. Weed & Kennedy, general agents in New York representing the California, are managers of the Liberty. The company will enter California at an early date, and there is much guessing as to whom the agent or agents will be.

—For the present our Monthly Digest of Insurance Decisions will appear at the end of the book, after the Chip-pile.

—The Amazon Ins. Co. has brought suit against Smith & Moody, in the Superior Court in this city, to recover \$4,229.13.

—Hostetter, the quack medicine man, doesn't take any stock in quack life insurance. Not a dollar of the \$1,000,000 insurance on his life is carried by any assessment company.

—A Texas court recently ruled that the acceptance of a loan without any intention of returning it or its equivalent constitutes the crime of theft. This is rather rough on the hat-passers.

—A new Dakota law provides that all public buildings shall hereafter be insured for two-thirds of their value, in companies selected by the Governor. Is this a scheme to get campaign funds out of insurance companies?

—The Mutual Benefit Life Association of America and New York indorses upon its policies or certificates a stipulation of incontestability after two years; but that it ignores its pledges in this respect is shown by a recent suit in the New York Supreme Court. The association resisted a claim after the two years had expired; but the court ruled that the incontestable provision precluded the defendant from interposing the defense of fraudulent representations of the insured; and, further, that the incontestable provision was not against public policy.

—The substantial growth of the Northwestern Mutual Life Ins. Co. may be more readily understood by looking back a few years. At the beginning of 1880 the amount of insurance in force was not quite sixty-two millions of dollars; now it is over one hundred and twenty-seven millions, more than double that sum, while the new policies issued in 1886 cover more than three times the amount of insurance of those issued in 1880. In 1880 this Company was the sixth in the list of companies as regards the amount of new business secured; now there are only three companies doing a larger new business.

—In assessment insurance, at least, it is not the unexpected that happens. Failure may always be expected.

—An exchange says if you would know the value of a dollar, try to collect it from an assessment insurance company.

—The Mutual Life Ins. Co. has received several \$50,000 applications for policy No. 300,000, to be issued in a few days.

—The raised steamer *Mexico* is in port, looking a trifle the worse for her trip to Davy Jones' locker.

—Baldwin & Davis, a new firm, have been appointed city agents of the Pacific Mutual Life and Accident Insurance Co.

—A correspondent asks for the companies' premiums and losses in Oregon and Washington Territory. We should like to oblige him, but such figures cannot be obtained now. Perhaps next year we shall be able to segregate the companies' Coast figures by States and Territories.

—The Provident Savings Life Assurance Society of New York follows the vicious example of the Home Benefit Association of this city, and garbles the report of the President of a prominent life insurance company, making him virtually endorse the assessment fallacy, by apparently saying just the reverse of what he did say. The mutilation of one's words in this manner is the meanest form of dishonesty. The management which is guilty of it—the management of both the New York and the San Francisco hat-passers—is utterly unscrupulous.

—A member of the Knights of Honor became insane and failed to pay an assessment. This charitable band of loving brothers, the Knights of Honor, who are fairly aching to relieve the widow and orphan, whose system of insurance is merely organized benevolence, promptly—paid the claim of the widow, after generously overlooking the necessary neglect of her insane husband? Oh, no; the society promptly refused to pay the claim of the widow; and the Supreme Court of Illinois, in *Hawshaw v. Supreme Lodge, Knights of Honor*, had to sustain the refusal.

—The Accident Ins. Co. of North America has finally withdrawn from the Coast, leaving C. B. Knocker to attend to any loss which may mature under outstanding loss policies.

—The seventy-five co-operatives reporting to the Illinois Insurance Department lost 72,509 members, or one-fourth, by death and withdrawal, last year. These certificates represented \$222,100,420 of "indemnity," but the claims paid aggregated only \$5,129,701.

—"Tornadoes: What they Are and How to Observe Them; with Practical Suggestions for the Protection of Life and Property:" by Jno. P. Finley, Lieut. Signal Corps, U. S. Army: *Insurance Monitor*, publishers. This is a highly interesting and valuable work, with illustrations of the damage wrought by famous tornadoes in various Western and Southern towns. "Tornadoes" ought to have wide circulation in those extensive areas which are subject to periodical visitations from the "aerial monster."

—Harry Prindle, who was arrested at Antioch and taken to Portland on a charge of embezzlement, several months ago, has been released from durance vile for want of evidence. Prindle, who is an old life insurance swindler, represented the Mutual Reserve Fund Life Association at the time of his arrest, and is probably again sounding the praises of that humbug. It is congenial company—that of Prindle and the Mutual Reserve Fund. Prindle of California, Williams of Chicago, and Bloss and Harper of New York—an ill-scented combination! The attention of the association is invited to the fact that Abbott, the Los Angeles embezzler, is looking for a job.

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Wanted, a first class Special Agent to work in Southern Cal. Extra inducements will be offered to the right man. Address, with references,

LOUIS K. WEBB,  
Gen'l Agt. Northwestern Mutual Life  
Ins. Co.,  
117 New High St.,  
Los Angeles, Cal.

—The Mutual Reserve Fund Life Association of New York is as litigious as ever. The amount of claims due and unpaid on January 1st was \$390,750, or over 25 per cent. of the total \$1,539,890. There is one chance out of four that the member's beneficiaries will have to go to law to get their insurance money—and then will probably not get it, for the association's assets are not get-at-able, as the English say.

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### IN THE COURTS.

The Lycoming Mutual Fire Ins. Co. was nonsuited in a Delaware Superior Court last month, in a suit brought to collect assessments on premium notes. The defense was that the premium notes were given before the Insurance Commissioner granted the company the right to do business in that State. This is good law, perhaps, but is poor justice, certainly.

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The Supreme Court of Pennsylvania, in the case of Siegrist v. Smoltz, decided that the question of insurable interest as regards a life insurance policy is not a question of good faith on the part of a beneficiary, but a question of public policy.

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It appears to be a well settled point of law that the limitation as to time in which action may be brought by a policyholder begins, not when the loss occurs, but when it is due and payable.

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An assignment of policies of fire insurance, and of all moneys to become due thereunder, was left with the recorder to be recorded. It was held that the recording took effect from the time the assignment was left with the recording officer.

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It is no defense to an action brought upon a policy of fire insurance containing a clause against insurance in other companies without consent, that the plaintiff did insure in other companies, if the different policies do not legally cover the same property, although there may be some mingling of the goods.

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The principle that the renewal of a policy

carries with it any knowledge of fact or verbal waiver of condition was not recognized by the Supreme Court of Pennsylvania, in *Lebanon M. Ins. Co. v. Leathers*. In that case the policy contained a clause that if the assured should mortgage the property without notice to the company the policy should be void. After the issuance of the policy the insured mortgaged the property without notice to the company, and subsequently the insured paid the premium and renewed the policy for another year, within which time the property was destroyed by fire, and an action is now brought on the renewal. It was held that there was no mortgage executed contrary to the renewed policy.

Where the policy provided that the insured must show in his proofs of loss the origin of the fire, it was held that a statement that the loss was not occasioned by his fault or fraud, and that he had done nothing to violate the provisions of the policy, or render the same void, was a sufficient compliance with such condition.

After the burning of a tobacco factory in Covington, Ky., a dispute arose as to the method of appraising the damage by smoke. The insured, under protest from the companies, sold the tobacco as damaged goods at half its value, and then demanded the difference between the receipts of the sale and the insurance. Several juries have already decided for the plaintiff, and each case was thereupon taken to the United States Supreme Court.

#### Arbitration Clause.

The Pennsylvania Supreme Court recently passed upon an arbitration case, in which the defendant company (the Commercial Union) and the question at issue were the same as in case disposed of by the California Supreme Court in December, 1884. The rulings in both instances were substantially the same—that when questions in dispute are submitted to arbitration, according to the contract, redress cannot be sought in the courts until the award is filed or the arbiters discharged; but the Pennsylvania court decided that the contract was revo-

cable by either party where it did not particularize the arbiter or tribunal, but merely referred the question to one or more persons to be mutually chosen. It was also held that the applicability of this principle was undisturbed by a provision in the contract that no suit should be brought until after the award of the arbitrators shall have been filed.

### Digest of Recent Insurance Decisions.

#### Fire.

*Bennett v. Council Bluffs Ins. Co.*: Ia. S. C.

OTHER INSURANCE—WAIVER.—Where the clerk of a duly appointed agency of a fire insurance company solicits insurance on property which he knows to be insured already in another company, and his employer issues the policy upon the application so obtained, the company is bound by the knowledge of the clerk, and will be deemed to have waived a condition in the policy so issued making the policy void in case of prior insurance in another company without notice.

CLAIM FOR FULL LOSS FROM TWO COMPANIES.—Plaintiff furnished proofs of loss to defendant and to company supposed to be insolvent, and claimed from each the full amount of the loss. Defendant contended that this constituted an attempt to defraud. *Held*, That a party who has insured against fire in one company which is insolvent, and subsequently insured the same property in another company, with notice to such company of the prior insurance, and whose claim is disputed by the latter company, may furnish proofs to, and claim the loss from both companies. The claim was made in good faith, and it was a question as to the company from which the claimant had the best chance of recovery.

*Commercial Union Assurance Co. v. Hocking*: Pa. S. C.

ARBITRATION.—When the parties to an executory contract agree that all questions of difference or dispute which may arise between them in reference thereto, or that the amount of any claim arising therefrom, shall be first submitted to the arbitrament of a single individual or tribunal named, they are bound by their contract and can not

seek redress elsewhere, until the arbiter agreed upon has been discharged, either by the rendition of an award or otherwise. But where the contract does not provide for submitting the matter in dispute to any particular person or tribunal named, but to one or more persons to be mutually chosen by the parties it is revocable by either party, and such provision is not adequate to oust the jurisdiction of the courts having cognizance of the subject-matter of the dispute. Nor is the applicability of this principle disturbed by a provision in the contract that no suit should be brought until after the award of the arbitrators shall have been filed.

**PROOFS OF LOSS—WAIVER.**—An insurance company which receives proofs of the loss when offered, refers them to its adjuster and retains them, without objection or complaint for five months, will be held to waive a compliance with the conditions of the policy, even though the proofs were not made within the time nor in the form required by the policy.

*Cohen v. Continental Ins. Co.; Texas S. C.*

**ORAL RENEWAL.**—An insurance company, through its authorized agent, may contract by parol for the renewal of a fire insurance policy, although it may be stipulated on the face of the existing policy that it shall not be renewed in that manner.

**DEFAULT—WAIVER.**—The fact that an agent of the company made demand for the premium after default by the insured, and threatened to sue for it if it were not paid by a certain day, did not constitute a waiver of the forfeiture, so as to make the company liable for a subsequent loss, especially as it appeared that the agent who acted in the matter had authority to receive applications and collect premiums only, and not to make contracts of insurance.

**FORFEITURE.**—Where a policy of insurance provides for a forfeiture upon failure to pay premiums which are to fall due, but does not stipulate that upon such failure the overdue premiums shall be considered as earned, a demand and payment of such premium constitutes a waiver of the forfeiture. Such is not the case when the policy provides that, upon default in any in-

stallment, the insurance shall cease, and the installment considered as earned; for then the insurer has the right to the premium although the insurance is forfeited, and hence demand and payment of the premium is held no waiver.

*Bonneville v. Western Assurance Co.; Wis. S. C.*

**OTHER INSURANCE WAIVER.**—Policy provided that it should be void if assured make any other contract of insurance on the property without consent of defendant company in writing. The agent taking the insurance agreed to take a further insurance of \$1,000 on the property, which plaintiff refused. The plaintiff subsequently took extra insurance of \$1,800 from another agent, and informed defendant's agent of the extra insurance, without giving the amount, when he expressed his disapproval. After the loss the agent told plaintiff to send in his proofs. *Held*, That plaintiff should be nonsuited, and that defendant's offer to take \$1,000 extra insurance, and request to plaintiff to send in his proofs, did not amount to a waiver of the condition.

*Fire Associ'n v. Dickey et. al.; Ky. C. A.*

**INFANT POLICYHOLDER.**—An infant was engaged in business in his own name. His brother, an adult, claimed to have loaned him money, for which the infant gave his notes. The infant's policy was indorsed to secure the loan. The insurance money was garnished by creditors. The assured pleaded infancy, and his brother denied any liability as partner, but insisted that the insurance was made to indemnify him against loss on loans. The lower court held that the "big brother" was a joint owner of the goods with the infant, and liable to the creditors. The company refused to pay on the ground that the younger brother was not the sole owner of the goods, as represented. *Held*, That there was a joint ownership of the goods; that the order of the lower court, referring the case to the commissioner to make out proofs of loss, was not conclusive as to the liability of the company.

*German-American Ins. Co. v. Hocking; Pa. S. C.*

**PROOFS—PREMATURE ACTION.**—Policy provided that the loss was to be paid sixty days after due notice and proof of the same

were given to the company, unless the property be replaced, or the company give notice of its intention to rebuild or repair the damaged premises. More than two months after the fire the secretary of the company requested from the insured more specific proofs of loss, and about a month thereafter these were furnished, but without plans or specifications. Suit was brought on the policy twenty days after proof was furnished. *Held*, That under the conditions of the policy, the company was entitled to full proofs as a prerequisite of payment, and that as the company had sixty days after the proofs were furnished to pay or rebuild, the suit was prematurely brought.

Cleaver v. Traders Ins. Co.: Mich. S. C.

OTHER INSURANCE.—The policy provided that it should be avoided by additional insurance without permission. Insured told defendant's agent that he "calculated to take out \$2,000 additional insurance in another company. The agent consented. The policy provided that the agent had no authority to waive any of its conditions. It was his duty to notify the company of the desired other insurance, but he failed to do so. *Held*, That plaintiff could not bind defendant by a parol acquiescence in the additional insurance. It cannot be successfully maintained but that the company has the right and power to restrict as it may choose, the powers and duties of its agents, and when the authority is express by limited and restricted by the policy, which the insured receives, there can be no good reason, either in law or equity, why such limitations and restrictions shall not be considered as known to the insured and binding upon him.

LIMITATIONS OF AGENT'S POWERS.—When the policy of insurance contains an express limitation upon the power of the agent, such agent has no legal right to contract as agent of the company with the insured, so as to change the conditions of the policy, or to dispense with the performance of any essential requisite contained therein; either by parol or writing, and the holder of the policy is estopped, by accepting the policy, from setting upon or relying upon powers

in the agent in opposition to limitations and restrictions in the policy. *Messorean v. Phoenix Mutual Life Ins. Co.*, 66 N. Y. 274. *Cantors v. American Life Ins. Trust Co.*, 33 N. J. 487.

Kyle v. Commercial Union Assurance Co.

SALE OF PREMISES—TITLE.—Conveyance of the premises by the wife of the insured (in which he joined) to a third person, who simultaneously conveyed the same to the insured, the purpose being to vest in him a tax title to the premises which had been purchased by the wife, is not such a "sale" as will avoid the policy.

INTOXICATING LIQUORS—ORAL WAIVER.—Where a policy provides that its conditions shall only be waived by the written or printed consent of the company, a local agent having authority only to receive premiums and issue policies, cannot bind the company by an oral waiver of such conditions; as where the local agent was at the same time chairman of the Board of Selectmen of a town, and as such issued to the insured a license for the sale of intoxicating liquors, assuring him that it would not affect the policy during its life, but that he could not have another at the same rates.

Graham v. Ontario M. Ins. Co.; Con. H. C. J.

KNOWLEDGE OF AGENT NOT BINDING.—The application contained a condition that no statement made to or by any person soliciting the insurance should be binding on the company unless contained in writing in the application. *Held*, That information given by the insured to the agent, regarding an incumbrance on the property, but which was not written in the application, did not bind the company.

Harle v. Council Bluffs Ins. Co.: Ia. S. C.

WAIVER—FRAUD—CONCEALMENT OF FACT.—Insured gave two notes for premium, one of which was paid. He was notified in writing of the date when the second note fell due, and that if not paid the policy would be suspended. The note was sent for collection to the postmaster, who was himself the assured. He paid the note by placing the money therefor in his safe, apart from other money and with the canceled note. This was after the maturity

of the note. The fact that the insured and the postmaster were the same was unknown to defendant company. After the loss occurred the plaintiff forwarded the premium, but concealed the fact of the loss. The premium was accepted. Afterward the claim was presented. *Held*, That the law will not permit a man to occupy such inconsistent positions or represent such antagonistic rights, or perform such duties. The postmaster had no authority to determine that he would waive the suspension of the policy; for this purpose he was not the agent for the defendant. The receipt of the money and its retention by the company, under the circumstances, could not amount to a waiver. Plaintiff's suppression of the fact of loss amounted to a fraud; and as no one can be permitted to reap a benefit through or by means of a fraud perpetrated by him, the plaintiff cannot recover.

*Atkinson v. Hawkeye Ins. Co.; Ia. S. C.*

**MISCARRIAGE OF APPLICATION AND PREMIUM.**—The soliciting agent receipted for the premium and the application, and mailed the same to the home office. They were never received. Soon afterward the dwelling of applicant burned. Counsel for plaintiff contended that "although the solicitor had no authority to execute contracts of insurance, the transaction became a contract as soon as the company had opportunity to accept the risk, and failed to do so or return the premium. *Held*, That the company had no knowledge that any application had been made and premium paid, and no contract therefore can be implied from any neglect to issue the policy founded upon the knowledge of the defendant that such an application had been made.

*Moite v. Sovereign Fire Ins. Co.; Can. S. C.*

**CHANGE IN THE HAZARD.**—During the life of the policy the manufacture of excelsior (shredded wood for the use of upholsters) was introduced upon the premises, but no notice of such introduction was given to the company or endorsed upon the policy. The company denied all liability, for breach of condition under the above cited provisions of the policy. The jury found that the manufacture of spools was more haz-

ardous than the making of excelsior, hence the risk was not increased. In the Superior Court the finding of the trial court was affirmed. It was held that as the manufacture of excelsior was in itself a hazardous business, the introduction of it into the building insured would avoid the policy under the first clause above set out, even if the jury were right in their finding that it was less hazardous than the manufacture of spools; and also, that the addition of the manufacture of excelsior to that of spools on the premises was a change material to the risk, and avoided the policy under a second clause above recited.

*Owen v. Howard Ins. Co.; Louisville Sr. C.*

**LIMITATION CLAUSE.**—Policy limited the action to within twelve months after the fire. Policy provided that the loss should not be payable for sixty days after preliminary proof of loss. *Held*, That the limitation of the twelve months must be deemed to run from the time when the loss became due and payable.

#### Marine.

*Whorf v. Eq. M. Ins. Co.; Mass. S. J. C.*

**COLLISION.**—A policy which provides that the company is not to be liable for any partial loss "on the vessel or freight, unless it amounts to seven per cent. exclusive of all charges," etc., covers the damage which the owners have been compelled to pay for injuries to another vessel from a collision occurring from the negligence of those in charge of the vessel insured, the policy having a clause annexed, by which it agreed to "cover the risk of loss by collision according to the decision of the S. C. of Massachusetts prior to 1853, provided that the company shall not in any case be liable for a greater sum than the amount insured by this policy."

*Dufourcet v. Bishop; Eng. Q. B. O. A.*

**CHARTER-PARTY — SUBROGATION.**—Goods were shipped on the defendant's ship under a charter-party, which provided that, if required, the whole freight should be advanced subject to a deduction for interest and insurance. The freight was paid in advance and the amount insured. The charterers sold the goods to the plaintiffs at a price covering cost, freight and insurance. The

cargo was lost by the negligence of the defendants. *Held*, That the plaintiffs were entitled to recover as a part of the damages sustained by them, the amount of the advanced freight, which was included in the price paid by them for the goods, for the insurers of the freight who had indemnified them, were entitled to be subrogated to the rights of the plaintiffs in respect of the advanced freight, and to have the action maintained for their benefit for the amount insured, as it would, but for the insurance, have formed part of the damages, to which the plaintiffs would have been entitled.

*Northwest Tr. Co. v. The Manitoba; U. S. C. C.*

**ABANDONMENT.**—When the interest insured is that of a part owner, or when the entire owner insures some definite part, an abandonment is limited to a cession of the insured interest; but when the insurance reaches every part of the ownership indiscriminately, an abandonment will extend to the entire property, though its value exceeds the amount of the insurance. It is contrary to the idea of a lien that one should acquire it on his own property. While the abandonment relates back to the date of the loss, this relation takes place for the protection of the underwriters, and cannot be used as a means of enabling the owners to obtain a lien for services that they were bound to render before abandonment.

#### Life.

*Younge v. Equitable; U. S. C. C. Tenn.*

**WAIVER—POLICY WITHHELD.**—Policy was issued, but when ready for dating it was learned that assured was ill. The premium was tendered and refused. Assured died while the policy was still in the hands of local agent, who was enjoined from returning it. Payment was refused because of the clause providing that the first premium must be paid during the life and good health of assured. *Held*, That the policy went into force when the application was accepted and the policy issued; that the clause upon which defense was predicated was waived by the credit given by the agent; and that the company was responsible for the delay in the delivery of the policy.

An English court recently decided that

the payment of a premium by a third party who has no interest in the policy, where such payment is not made with the knowledge and at the request of the beneficiary of the policy, is a voluntary payment, and that such third party has no lien on the proceeds of the policy for the amount of the premium so paid. Similar decisions have been rendered in this country.

The Philadelphia compact did not materialize.

Ben Bullwinkle, the ex-chief of the Chicago fire insurance patrol, was thrown from a horse and killed at Flagstaff, A. T., last month. Many valuable patrol inventions are ascribed to him.

Jno. Wanamaker, of Philadelphia, has his life insured for \$600,000. Hostetter, the bitters man, carries \$300,000 life insurance. Lawrence Barrett, the tragedian, is insured for \$120,000; and Parson Talmage is insured for half that sum.

#### In Testimony Whereof.

We are this month indebted to the *COAST REVIEW* for several extracts from papers read before the annual meeting of the Fire Underwriters' Association of the Pacific. The *COAST REVIEW* showed admirable enterprise in printing all these papers in full—an enterprise which is all the more commendable from the fact that it was not stimulated by rivalry, the *COAST REVIEW* having the Pacific slope field to itself—*Insurance News*.

LAKEPORT, May 23, 1887.

Send the *COAST REVIEW* to F. C. Albertson, Ukiah, beginning with the January number. He says that expose of the Great Western of Denver in the April number, and your reply to the Colton correspondent who inquired about the standing of the Home Accident Association, in the May number, were alone worth twice the subscription price.

CHAS. P. DORIAN,

Sp. Ag't for Pacific Surety Co.

SANTA ANA, CAL., April 23, 1887.

I consider the *COAST REVIEW* an important adjunct to the desk furnishings of every well-appointed insurance office.

M. A. DUNHAM.

SAN FRANCISCO, April 20, 1887.

I cannot get along without the *COAST REVIEW*.


J. W. HOWELL,

Manager U. S. Life Ins. Co.

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# THE COAST REVIEW

A MONTHLY JOURNAL

DEVOTED TO

FIRE, MARINE, LIFE AND ACCIDENT INSURANCE

J. G. EDWARDS, PROPRIETOR,

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## IN THE COURTS.

The California Supreme Court would not admit testimony showing the natural deterioration in the value of a building from the time of its construction, yet that testimony was necessary in order to approximate the cash value of the building, a very old one, when it was burned. The court "would allow the defendant to prove the deterioration since the policy was issued," a limited deterioration which if known could not materially aid in determining the cash value of the building. If it was the express design of the court to make the policy practically a valued one it could not have chosen a more certain method than by this arbitrary exclusion of testimony.

The foregoing case was one of over-insurance. The local agent insured for \$1,200 a thirty-year-old building which could be replaced new throughout for \$1,264. It is a suggestive fact that this local, with an eye to future premiums, testified that he had examined the building and thought the value a fair one.

The Pennsylvania Supreme Court recently ruled that where a creditor received a good deal more from a policy issued for his

benefit on the life of a debtor than the amount of the debt, there was not, under the circumstances, a presumption of a wagering contract. The two men were brothers-in-law. The assured's administrator sued for the excess over the debt, and to a casual observer 3,000 miles away, like the COAST REVIEW, it looks very much as though the administrator ought to have succeeded.

To the question, "Is said life now in sound health?" the answer was "Yes." It was claimed that this answer was untrue. The court directed the jury that in order to find the answer false they must find that deceased had some disease of a serious nature, not a temporary ailment. The Michigan Supreme Court sustained the instruction.

The Honolulu Supreme Court said that a conveyance of property to secure bondsmen voided the policy. The Texas Supreme Court said that a similar conveyance did not void the policy.

It has been held that a conveyance to defraud creditors is no defense to the insuring company, where the question of ownership was decided for the plaintiff by a jury.

According to the Iowa Supreme Court, a man may knowingly and intentionally over-estimate the value of his property, without doing so fraudulently so as to affect the validity of the policy. It takes a good deal to affect the validity of any policy in the eyes of some courts.

The Maine Supreme Court decided that where a husband insured his life for the benefit of his wife, and she paid the premiums until her death, when the husband agreed with the company to allow the policy to lapse for non-payment of premiums, and a second policy was issued to himself and representatives, the proceeds of the second policy should be pro-rated and divided equally between the administrators of husband and wife.

The assured wrote out a new proposal for \$5,000 of accident insurance, instead of renewing a smaller policy. Four days later he was killed, and when two days thereafter the application was considered by the directors of the New Zealand Accident Insurance Company, they concluded he was not a desirable risk, being dead. In the New Zealand Supreme Court it was contended for the defense that district agents having no right to make a contract no contract existed in this case. The interim receipt merely fixed the rates, and did not bind the company until the directors had accepted the risk. The jury returned a verdict for \$5,000 and costs, it being evident that the risk would have been accepted if the directors had not heard of the death of the proposer.

A New Zealander, while trimming a "severe corn," accidentally cut a toe with the knife. Blood-poisoning and death followed. Suit was brought to recover the amount of insurance under an accident policy. The plaintiff won, but an appeal was taken. The court very sensibly said that if insurance companies do not intend to be liable in these cases they must introduce some condition directly exempting them.

The English Supreme Court recently decided that a vessel that had a slight leak

through a port-hole "'tween decks" was "improper navigation," though the leak neither impeded nor endangered the ship. It was improper navigation because the port-hole was negligently closed; and it was not safe navigation so far as the cargo was concerned. The vessel-owners, or their Mutual Indemnity Association, were held responsible for the damages caused by the leak.

A Philadelphia court recently decided that as there was a delivery of the policy the agent waived the right to immediate payment; and as there was a relation of debtor and creditor between the agent and the company, the liability of the agent for the amount of the premium accrued previous to the fire. The policy was issued on the 12th and the fire occurred on the 16th.

The U. S. C. C. at New York recently ruled that the word "notice" in the policy was equivalent to "reasonable notice."

The New York Supreme Court has decided that the adjustment of a loss is not an insurance transaction within the meaning of the statute governing the transaction of fire insurance business.

Phelan, who was stabbed in the office of O'Donovan Rossa in New York several years ago, held an accident policy in the Travelers. Payment of the claim was refused on the ground that Phelan had provoked the assault by going to Rossa's office. In the suit which followed the company was beaten.

It was admitted that the insured had his periodical sprees, for which reason the company declined to pay the claimant, a bank, the insurance money. Intemperate habits vitiated the policy. The jury decided against the company. The United States Supreme Court, which has just decided that the question involved was one of fact for the jury, and that the jury's finding, being in accordance with the testimony, must be accepted as final. It might be well to define, in the policy, what constitutes intemperate habits, or to phrase the clause more definitely.

It was shown at a recent trial in New Orleans that the defendant insurance company, the wildcat Pelican, had not notified plaintiff of the cancellation of his policy until the adjustment was being made, and had at no time offered to return the unearned premium. The court ruled that the notice of cancellation to the agent was not a notice to the insured; for "it is one thing to procure a policy, and quite another to represent a party in the cancellation of a contract."

The Supreme Court of Pennsylvania recently ruled that the laws of that State do not impose taxation upon mortgages owned by corporations. A number of insurance companies are interested in the decision.

### Digest of Recent Insurance Decisions.

#### Fire.

Davidson v. Hawkeye Ins. Co.: Ia. S. C.

**SALE—FORFEITURE.**—The policy provided that, if the property should be sold, conveyed or incumbered, without the written consent of the company, it should become null and void. *Held*, That where one party binds himself unconditionally to pay a certain price for a piece of real estate, and takes possession under the contract, and the other party binds himself to convey the real estate upon the payment being made, and nothing remains to be done but for the party taking possession to make the payments, and for the other party to make the deed, such contract, although time is made of the essence of the contract, and, if payments were not made at the time, the contract becomes void, constitutes a sale of the property within the meaning of the policy. *Home Ins. Co. v. Gwathmey*: Va. C. of A.

**GOODS ON STORAGE.**—Where a policy of fire insurance by its terms limits the company's liability to the loss affecting the interest of the assured, not to exceed the sum agreed on as the amount of the policy, and not to exceed the interest of the assured, and also, provides that "goods on storage must be separately and specifically insured," and the depositors of goods had specifically and separately insured their own goods; in an action by the assured

warehouseman, for the benefit of the owners of merchandise on storage. *Held*, That the company is not responsible for goods on storage in which the assured had no interest, and there could be no contribution, there being no double insurance.

*State Ins. Co. v. Richmond*: Ia. S. C.

**AGENT SUE—THE HAZARD.**—The company through a misconception of its agent of his duty, while acting in good faith, was drawn into the insurance of a building at a rate fixed for such insurance if occupied as a hotel, for which purpose it had not been occupied, but was expected to be soon. The agent knew that it was not so occupied. The actual risk was not greater than it was represented to be, and the premium received and retained was greater than would have been charged for an unoccupied hotel building. The property was burned before occupancy, and the company paid the loss, and sued the agent to recover the amount paid. *Held*, That it being shown that the risk assumed was within the company's business, and that it was only a question of rates, the company could not recover without showing that it was damaged in rates more than nominal damages.

*Nicholson v. Colonial Mutual Fire Ins. Co.*: Victoria, S. C.

**"CARETAKER" OR WATCHMAN.**—The insured warranted that a caretaker should be kept in charge during the currency of the policy. A caretaker had been employed to look after the place, but he did not sleep on the premises at night, but stopped at a hotel half a mile away. Defendant contended that there was therefore a breach of of the warranty. *Held*, That the warranty to employ a caretaker did not necessarily imply that the caretaker should be always on the premises, nor that he should sleep on the premises.

*Frezen v. Allemannia F. Ins. Co.*: U. S. C. C.

**OWNERSHIP—MORTGAGE.**—Policy provided that, "the interests of the insured is the entire, unconditional and sole ownership of the property, and that the policy shall become void by the sale or transfer, or any change in title or possession of the property insured, whether by legal process or judicial decree, or voluntary transfer or convey-

ance." At the time the policy was issued there was an outstanding mortgage on the property, and the insured, after receiving the policy, executed another mortgage upon it. *Held*, Neither of these mortgages was a voluntary transfer, sale or conveyance, of the property within the meaning of the policy, nor did either have the effect to vitiate the policy, especially as the insured was asked no questions as to any outstanding mortgage, and made no agreement as to future ones.

*Landers v. Watertown Fire Ins. Co.*: N. Y. S. C.

**APPLICATION.**—Where the policy refers to verbal, as well as written applications, surveys, etc., and the assured never signed or authorized any written application or survey, the policy is not notice to him that it was issued upon a written application, etc., on file in the office, and that he should inform himself of its contents; and the objection that the minds of the parties never met upon the subject of the insurance, and therefore there was no contract, was not tenable; for if the agent through carelessness or mistake sent to the company an erroneous description of the property, plaintiff ought not to suffer.

*Cayon v. Dwelling House Ins. Co.*: Wis. S. C.

**NOTARY NOT A MAGISTRATE.**—The policy provided that the proofs of loss be accompanied by the certificate of the magistrate nearest the fire. *Held*, That a notary public is not a *magistrate* within the meaning of the policy, and his certificate is not a compliance with the provision in the policy. But the proof with the certificate annexed having been accepted and retained by the company without objection, instead of being at once returned, the defect was waived.

*Lebanon M. Ins. Co. v. Hoover*: Pa. S. C.

**CREDIT.**—The evidence showed that the agent charged himself with the premium, and charged the same to the insured in a separate account kept by him with his customers; that it was his custom to do this with all his customers, and then to collect the premium from them some time during the month following the one in which it was due. *Held*, That the company was liable for the loss, the evidence disclosing a payment of the premium.

*N. O. Ins. Assn. v. Gordon*: Tex. S. C.

**SOLE OWNERSHIP.**—The policy provided that if the interest of the assured be any other than the entire, unconditional and sole ownership of the property, for the use and benefit of the assured, it must be so represented to the company; otherwise the policy would be void. The assured, previous to taking out the policy, had conveyed the property to A for the purpose of enabling him to negotiate a loan for the assured in a homestead company, of which A was a member. He did not mention this conveyance to the company. A failed to obtain the loan, and the assured, although intending to have the property reconveyed to him, neglected to do so until it was burned. *Held*, That the conveyance was not such an one as voided the policy.

*Smith v. Agricultural Ins. Co.*: N. Y. S. C.

**CREDIT.**—The policy provided that it should not be effectual until payment of the premium, unless credit was given. Defendant's agent paid the premium when due, and so informed the insured, and looked to him for reimbursement; subsequently he agreed to give the insured until April 1st to pay the premium. The property was destroyed April 1st, and premium was paid to the agent on same day, who received it, in ignorance of the fire. *Held*, That the payment of the premium by the agent inured to the benefit of the insured, and that neither the agent nor the company could repudiate the arrangement made for credit without the consent of the insured; that the debt which the latter owed was a debt to the agent individually, and not to the company.

#### Marine.

*Carmichael v. Liv. Sailing Ship-Owner's Md. Indem. Assn.*: Eng. S. C. J.

**IMPROPER NAVIGATION.**—Plaintiffs were the owners of an iron sailing ship, the *Argo*, duly entered on the books of defendants. The defendants were an association of shipowners who had agreed to indemnify each other against any losses or damages for which any of them might be liable in respect of any ship entered on their books occasioned, *inter alia*, by any loss or damage of or to any goods or merchandize caused

by improper navigation of the ship carrying the same, or of any other ship; but not from damage caused by bad stowage. In October, 1884, a cargo of wheat in bags was shipped in the *Argo* at San Francisco to be carried to Liverpool. On the wheat being discharged at Liverpool, it was found to be damaged by salt water. It appeared that the cargo had been taken on board through a port made for the purpose in the side of the ship above the 'tween decks. Before the loading was completed this opening was closed by an iron shutter fitted on the outside of the ship by hinges and made fast by bolts passing through iron bars inside the ship and screwed up by nuts on the inside. The joints between the ship's side and the shutter were then smeared with a mixture of white lead and oil. The port, however, had not been closed efficiently, and, as the port was below the water line, some water leaked in through the joint. It was admitted that this defect in the joint was due to negligence on the part of the persons employed by the plaintiffs. It was admitted that the plaintiffs became liable to pay to the cargo owners compensation to the amount of £450 for the damage to the cargo. The leak did not endanger the ship, nor did it impede her navigation. A special case was stated for the opinion of the Court, the question being in effect whether these circumstances amounted to "improper navigation" of the *Argo*. A Divisional Court decided that there was "improper navigation," and the defendants appealed. For the defendants, it was contended, that if there was a defect in the condition of the ship before the commencement of the voyage, and there was nothing improper in the management of the ship on the voyage, there was no improper navigation. The ship might have been in an unfit condition as regards the cargo. Improper navigation applied only to what was done or omitted to be done after the commencement of the voyage, and meant improper management of the ship in the course of the voyage. They cited *Good v. London Steamship Association*. (L. R., 6 C. P., 568).

The Court dismissed the appeal. *Held*,

That the words "improper navigation" did not mean simply improper navigation with regard to the ship, but included improper navigation with regard to the safety of the goods in the ship. Improper navigation must comprise something negligently done or omitted to be done by the shipowner or those in his employ, and that negligence must have an effect on the navigation of the ship. Then came the question whether, if something were negligently done or omitted to be done before the navigation commenced, which had an effect on the ship while being navigated, that was improper navigation. The principle laid down in *Good v. The London Steamship Association*, which related to damage arising from bad stowage, might be enunciated in such a way as to cover this case. If the question put by counsel there had been this, "Would negligence arising before the commencement of the navigation be within this deed?" the Judges would have answered, "Certainly, if that negligence effected the safe sailing of the ship with regard to the goods on board during the voyage." If, therefore, there was negligence on the part of the shipowner or those in his employ before the navigation commenced which had the effect of causing the ship to be unsafely navigated during the voyage with regard to the goods on board, that came within the words, "improper navigation." The negligence here, namely, the insufficient closing of the port, occurred before the navigation commenced, and rendered it impossible to navigate the ship safely with regard to the goods on board. The consequence was that the ship was not, and could not, be safely navigated after the navigation had commenced. There was, therefore, improper navigation. Improper navigation would include every case where something was wrongly done or omitted to be done before the commencement of the voyage which prevented the ship from carrying the cargo safely from port to port. To take the example given in the argument of an omission to take a compass if the ship or cargo were thereby lost or injured, though the captain did everything a skillful captain could have done under the circum-

stances, it would be impossible to say that there was not improper navigation.

#### Life.

*Holman v. Conn. Life Ins. Co.*: Conn. S. C.

**PREMIUM NOTES.**—In an action on a policy providing that it shall become void on failure either to pay annual premiums when due, or interest on outstanding premium notes annually in advance, and subsequently provides for a paid-up policy, and relieves the insured from the payment of any subsequent premiums when due. *Held*, That a failure to pay annual premiums after a specified number of payments, such saving clause cannot, by implication, be extended to cover a failure to pay interest on premium notes.

**PAID-UP POLICY.**—Where a policy of life insurance was surrendered after the payment of certain annual premiums and was thereupon converted into a paid-up policy for a proportionate amount of the insurance, subject to the terms and conditions of the original policy, one of which was that the original policy should cease and terminate on failure of the insured to pay the interest annually in advance on any outstanding premium notes, payment of such interest being also provided for in an accompanying quit-claim, such condition became incorporated in the paid-up policy, and in case of subsequent failure to pay interest on outstanding premium notes. *Held*, That such paid-up policy ceased and determined.

*Grant v. Kline*: Pa. S. C.

**INSURABLE INTEREST OF CREDITOR.**—A. being indebted to B., his brother-in-law, in the sum of \$743.56, effected a policy of insurance on his life for B.'s benefit in the sum of \$3,000, B. paying all the insurance premiums. Upon A.'s death the company paid the amount of the insurance to B. A.'s administrator sued B. for the money. It appeared that the insurance was effected in perfect good faith. *Held*, That the disproportion between the actual indebtedness and the sum insured did not, under the circumstances of this case, create a presumption that the insurance was a wagering contract; nor, in the absence of positive evidence, that it was intended as collateral

security merely. Insurance premiums paid by B. on former policies on A.'s life, which policies were subsequently canceled, were claimed by him to be part of his insurable interest. *Held*, That the attempt on his part to thus reimburse himself for his outlay was not immoral or a wagering contract, and that in the absence of objection by A., no one could object to it but the company. *Brown v. Metropolitan Life Ins. Co.*: Mich. S. C.

**PRIVILEGED COMMUNICATION.**—Deceased having stated in her application that she had been treated for typhoid fever by Dr. H., it was error to preclude Dr. H. from testifying as to whether he had treated her for typhoid fever, on the ground that it was a matter of privilege on which the plaintiff could insist.

#### California Supreme Court Decision.

*Hegard v. California Insurance Company*: Cal. S. C., June 14, 1887.

It is urged by respondent that the proceedings in the court below for a new trial were not within the time allowed by law therefor, and that in consequence thereof we should consider only the judgment roll on this appeal. It is sufficient to say in answer to this proposition, that no objection was made in the court below to the proposed bill of exceptions or to the hearing of the motion for a new trial. The appellant prepared and served its proposed bill of exception, the respondent, without objection, proposed amendments thereto. The court, without objection, settled the bill, filed a time for argument, heard and decided the motion for a new trial without any suggestion from the respondent that the proceedings had not been commenced in time or prosecuted with diligence. Under these circumstances we think that the respondent's objections ought not to be heard in this court.

The record is silent upon the question whether any extension of time was given by order of stipulation. (*Gray v. Nunan*, 63 Cal. 220.)

The plaintiff recovered a judgment of \$1,950, and from that judgment and an order denying a motion for a new trial the defendant appealed.

It is contended by appellant that the plaintiff ought not to recover because he overvalued the property and because he falsely represented that he was the sole owner of the property insured. The policy contained stipulations that in the event of false representation in regard to any of these matters, the policy should be void. Upon these issues the court found in favor of the plaintiff and the findings are supported by the evidence.

In the policy upon which the plaintiff founded his right to recover, there is this provision as to the measure and mode of computing the damages: "In no case shall the claim be for a greater sum than the actual damage to or cash value of the property at the time of the fire. . . . The cash value of property destroyed or damaged by fire shall in no case exceed what would be the cost to the assured at the time of the fire of replacing the same; and in case of the depreciation of such property from use or otherwise, a suitable deduction from the cash cost of replacing the same shall be made to ascertain the actual cash value."

Upon these provisions in the policy and the rulings of the court on the evidence offered on this topic the appellant places its chief reliance for a reversal of the judgment. The record is as follows:

"William Knizie, witness for plaintiff, testified: Am a carpenter and mechanic. Know the cost of building in Quincy for many years past. Was well acquainted with Hegard's saloon that was burned. At the time of the fire it would have cost \$1,264 to replace that building. In October, 1883, materials were a little higher than at the time of the fire, and then it would have cost \$1,334.

Cross-examination—What is a reasonable deduction from your cost of replacing the building for depreciation in the value of the original building, which was built in 1856 or 1857? Objected to as not cross-examination—that the question was irrelevant and immaterial. Objection sustained and defendant excepted.

G. B. Somner, called for plaintiff, testified same as witness Knizie.

G. B. Somner, recalled for defendant, testified: Of the \$1,264, cost of replacing that building, \$809 would be for the original building and the rest for the additions,

Q.—What would be a reasonable deduction from your estimate of the cost of replacing the building for depreciations in the value of the original building, which was built in 1856 or 1857? Objected to by plaintiff as immaterial, irrelevant and incompetent.

The court to counsel for defendant—Depreciation from what time?

Mr. McGraw—From the time the building was built.

The court—That is not proper. I will allow you to prove depreciation since the policy was issued, but not before. Objection sustained. Defendant excepted to the ruling.

This point of contention raised between counsel and the court as to the period of depreciation, it seems to us, is one of form and theory and without merit of application. The age of the building is not an essential element of the criterion for damages which is prescribed by the contract. The material questions, the ultimate facts to be determined, are: What was the actual condition of the building immediately before the fire? To what extent was it worn or dilapidated by use or by the elements? How much worse was its condition than a new building of the same plan, form and execution, and what is a reasonable deduction for the depreciation? The time when the building was erected is immaterial. The house may have been built at one time, painted at another, decorated still later, improved at intervals, and the exact time when it reached its best finish be forgotten. How, then, shall we apply the rule contended for by defendant? The facts in this case illustrate its inapplicability. Many and great changes had been wrought in the form and substance of the building. After a quarter of a century the original building was transferred to another lot. A part of the sills had been removed and new ones put in their places; portions of the floor were treated in like manner; new lathing was substituted; the ceiling

was plastered; the walls were "patched" and papered; the wainscoting repaired and a brick chimney added. In January, 1882, a new wing was attached, and in August, 1883, an addition was erected which appears to have been fully half as large as the original building. To enable a witness to apply intelligently the rule contended for in this case he must have watched for nearly thirty years the changes which have occurred in the building by use thereof and by action of the elements. But as stated before, the period of time through which the building had passed is immaterial—the material question being, what was its actual condition and value at the time of the fire? The word "depreciation" seems to have been used by the parties to the contract rather in the sense of deterioration than in its strict signification.

No other effort was made by defendant to show the condition or value of the building than as shown in the above copy of the record. We think, therefore, that the failure of the defendant to show the actual detriment, if any, for which a deduction should be allowed was due to its adherence to an immaterial matter. The fact that the court erroneously proposed another and more limited period of "depreciation" was not, under the circumstances, such an error as could have operated to the prejudice of the defendant.

The witnesses Knizie and Somner were experts, knew the building, and could have stated, no doubt, how much less the old building was worth than the new one, the value of which they had fixed in the sum of \$1,264.

The evidence is sufficient to justify the findings of the court as to the value of the building. Mr. Dorsch, agent for defendant, testified that he examined the whole property insured, including the building, and thought the values were fair.

It is conceded by respondent that the judgment is excessive to the amount of \$185—the value of certain articles which the court below considered under the description of "bar-room fixtures."

The cause is remanded, with directions to the Superior Court to modify the judg-

ment by substituting the figures \$1,765 for the figures \$1,950. In all other respects the judgment and order are affirmed.

PATERSON, J.

### Marine Re-Insurance.

Following is a paper by W. H. C. Fowler, read at a meeting of the Marine Underwriters of San Francisco:

A contract of re-insurance is one by which an insurer procures a third person to insure him against loss or liability by reason of such original insurance and is presumed to be a contract of indemnity against liability, and not merely against damage. (Civil Code of California, Secs. 2646-48). In all cases of re-insurance, whatever may be their ground, the re-insured stands, as to his insurers, in the same relation in which the original insured stands to him. The re-insurer may make the same defenses against him which he could make against the original insured. They may have defenses against him which he could not have against the original insured. If, for example, the original insured was perfectly honest in obtaining his insurance, and his insurers obtained re-insurance by fraud, concealment or misrepresentation, this would be a good defense against them; and if an insurer, when applying for re-insurance, withholds such knowledge as he possesses in reference to the character of the party insured, or any circumstances of the case, and this information would be material to the risk or to the amount of premium to be charged, the concealment would avoid the policy of re-insurance. On the other hand, if the original insured obtained his insurance fraudulently, and his insurers obtained their re-insurance honestly, the re-insurers may defend against the re-insured on the ground that he had a good defense on the original insured, and consequently was at no risk and had no insurable interest.

The re-insured is not bound to pay his insured and found his claim on this actual payment before he can call upon the re-insurer. (Parsons on Marine Insurance). A re-insured company can recover to the




# THE EQUITABLE

LIFE ASSURANCE SOCIETY.



## ANNOUNCEMENT.



Mr. WILLIAM D. GARLAND has relinquished, with the exception of San Francisco and the Hawaiian Islands, the General Agency for the Pacific Coast, which he has conducted to the entire satisfaction of the Society, rendering faithful and successful service for a period of nearly nineteen years; transacting for many years past a larger business than that accomplished by any other Life Assurance Company on this Coast.


Mr. GEORGE L. NORTH and Mr. BERT. G. SNOW, who have been connected with the Society's San Francisco branch, have been appointed Managers for the Pacific Coast. They are prepared to receive and deal with proposals for Agencies in California, Oregon and Nevada, and the Territories of Washington and Idaho.

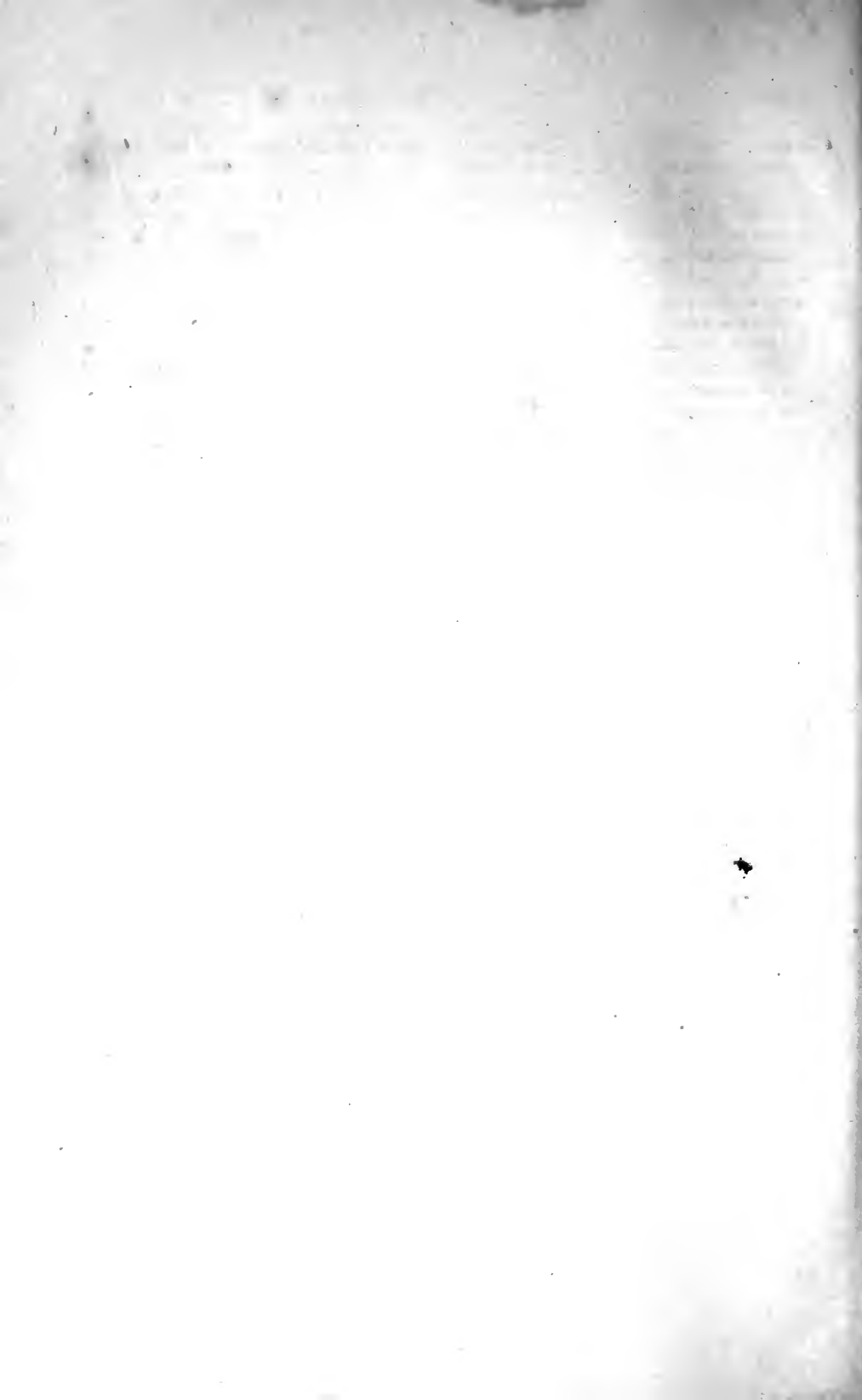
Mr. H. I. COON has been appointed to the office of Cashier at San Francisco, formerly held by Mr. North.

**E. W. SCOTT,**

*Third Vice-President.*

SAN FRANCISCO, *June 25, 1887.*





extent of the liability of the re-insurer, and this it can do regardless of the amount of its own payment (unless otherwise provided for by the *pro rata* clause) or whether it has paid it at all. Even though the re-insured company should become insolvent, the liability of the re-insuring company is not effected.

Where a company effects re-insurance of a part or the whole of its original risk "without any stipulations on the part of the re-insurer as to *pro rating* its liability," the latter is liable to the re-insured company for any loss, precisely as it would be under an original policy. If the re-insured had \$5,000 of the original insurance and re-insured \$3,000 of the amount, it can collect the whole \$3,000 in case of loss to that amount. This doctrine was laid down in the case of *Hone v. Insurance Company*, after an exhaustive review of the authorities both in this and other countries by the courts, and has since been generally recognized as correct by text writers and the courts.

Since the decision of this case in 1847, it has been customary by re-insurers to introduce the *pro rata* clause or its equivalent in their policies, which has been the means of their escaping with a small loss, when otherwise they would have been liable for the full amount of their liability. The only important objections which could be raised would be those of usage and a right to reform the contract. Doubtless the great majority of American underwriters, from the universality of the *pro rata* clause, would consider that usage required the contract to be construed as though it actually contained such a clause. This argument was advanced in the case of *Hone v. Insurance Company* and thoroughly discussed by the court citing various authorities. The conclusion reached was that usage could not be invoked to sanction a construction at variance with the plain language of the contract.

In the case of *Insurance Company v. Insurance Company*, 4, *Insurance Law Journal*, 820, the court declared, in a case where the question concerned, was as to the liability of the re-insurer where the re-insured had

discharged its liability for a sum less than the actual amount of the same; that while the weight of authority favored the full amount of liability on the part of the re-insured as the measure of that of the re-insurer, nevertheless, on principle, it must regard the sum actually paid as such measure, "and in view of the *pro rata* clause" was "of opinion that the recovery in this case should be reduced even below that sum;" thus expressly recognizing the full liability of the re-insurers in the absence of the clause. This decision was as late as 1875.

The only other important objection which could be urged would be that the contract failed to express the intention of the parties, and should therefore be reformed to contain the customary clauses. This argument could only succeed by showing that the error was a mutual one; that both agents intended such a re-insurance contract as would contain the ordinary stipulations, and that their omission was a mere oversight. It would be necessary to show not simply that one agent, but that both intended such a contract.

The above is the law where the contract contains no clause written or printed, in relation to *pro rata* payment in cases of re-insurance. Almost all recent American policies provide that, in case of loss, the same to be settled in the proportion that the sum re-insured bears to the whole sum covered by the re-insured company, and it is also customary to construct the written portion of the policy expressly to meet the requirements of re-insurance; but cases have recently transpired in which there was no such modifying clauses, and re-insuring companies have been compelled to pay the whole of partial losses.

In 1864, the California Insurance company issued their policy for \$20,000 on cargo (silver), per schooner *J. A. Bayard*, from a port in Mexico to San Francisco, and re-insured \$10,000 of their liability thereunder with the Merchants' Mutual Marine Insurance Company, both policies providing that the cargo should be valued at invoice cost on board. It turned out that in fact there was only shipped on

board a cargo invoiced at \$7,804.18, which was all lost within the perils insured against. The question arose whether the Merchants' Mutual Insurance Company was liable on its contract of re-insurance for the whole or any part of the loss sustained.

The opinions of the leading marine lawyers of the time, decided that the Merchants' Mutual Marine Insurance Company was liable under their contract of re-insurance for the whole amount of the loss sustained, and in accordance with that decision they paid, as re-insurers, the total loss sustained by the California Mutual Marine Insurance Company. The opinion given was based upon the following law:

"A policy of re-insurance is an original, independent contract between the parties thereto, and by its terms must the liability of the re-insurers be determined. With the contract of re-insurance the primitive assured has no concern, and with the primitive contract of insurance as such, the re-insurers have no concern. A re-insurance, like any other insurance, cannot be of a risk or contract, or any other ideal thing that may happen to depend on tangible property, but must be on such property itself, which is of such a nature that it may be physically injured or lost by the perils recited.

"A company which has executed a policy on a given subject has an insurable interest in that subject and consequently may insure it, —just as any man who might happen to be the owner of that subject."

The insurance which has been made is simply evidence of the nature and extent of the interest of such company in the subject insured, and with that primitive insurance the re-insurer has nothing to do except as bearing on the question of the character and value of the interest of the re-assured in the subject of re-insurance. There is in its nature no difference between a contract of re-insurance and any other contract of insurance; they are all governed by the same general principles, subject to such variations in their application as may be called for by the differences of interest in the subjects insured; and a contract of re-insurance, like any other contract of insurance, is an obligation to indemnify the obligee for whatever loss he may sustain by reason of the perils insured against, within the sum stipulated.

There is no doubt in regard to these

general principles; they have been recited over and over again in the elementary treatises and by judges in decided cases.

Parson's Mercantile Law, 514, *et seq.*; Marsh on Insurance, 111 and 112; Arnold on Insurance, 286; 3 Kent's Com., 279; Sedg. on Dam., 328, 331; N. Y. State Insurance Co. v. Protection Insurance Co.; 1 Storey's C. C. R., 458; *Hastie v. DePeyster*, 3 Caines R., 190; N. Y. Bowery Fire Ins. Co. v. N. Y. Fire Ins. Co., 17 Wend., 359; 3 Barb. Chy., 63, *Herckenrath v. American Mut. Ins. Co.*; *Hone v. Mutual Safety Insurance Company*; 1 Sanf., 137; Same case, 2 Comst., 235; *Mercy v. Prince*, 2 Mass., 176.

The application of these principles to the facts stated is easy. The California Mutual Marine Insurance Company re-insured with the Merchants' Mutual Marine Insurance Company for \$10,000 on the cargo of the schooner *J. A. Bayard*. It had before insured the owners for \$20,000 on the same property. The value of the cargo proved to be only \$7,804.18, and the California Mutual Marine Insurance Company certainly had an insurable interest in that cargo to that amount; and as that amount is less than the sum insured, and as the whole cargo was lost by perils within the policy of re-insurance, the Merchants' Mutual Marine Insurance Company is liable on its policy for the whole amount of the loss. Under any other kind of a policy there could be no question. It is certain that the owners of the cargo having insured \$20,000 on it with the California Mutual Marine Insurance Company are entitled to demand of that company the amount of its value, and it is just as certain that an insurance company, which, by virtue of a policy it had issued, had acquired an insurable interest in the cargo equal to its value, and which had re-insured to that amount or more, is in like manner entitled to demand of its re-insurers the full loss sustained.

We are not aware of any legal principle under which a *pro rata* or other distribution of the loss between the two companies can be claimed. If the cargo had in fact been worth \$20,000 and a partial loss had been sustained, there might be a fair ground

for claiming that as the re-assured had an insurable interest to the amount of \$20,000—and had seen fit to re-insure for only half that amount the re-insurers should only pay a proportionate amount of the loss. In this case, as the value of the subject insured is less than the sum insured, it must evidently be governed by the rules applicable to cases of insurance for the full value, or rather of overinsurance, in which, of course, there is no distribution of loss thereon between the assured and insurers.

The courts of New York have passed directly upon this question, and deny any such right of contribution, even where a well-proved custom to that effect is shown. (*Hone v. Mutual Safety Insurance Company*, 1 Sanf., 137 and 2 Comst., 235). This authority is decisive; and without it the same conclusion is inevitable from the general doctrine contained in other authorities referred to.

There is in the nature of the contract no more reason for a distribution of the loss between the parties to a policy of re-insurance, than there is for a distribution between the parties to any other insurance for the full value. Where the parties intend a *pro rata* distribution of the loss between them, they should insert a clause in the policy to that effect. The first insurance is a matter with which the re-assurers have nothing to do, except in the consideration of the question of the amount of damage sustained by the re-insured, in consequence of the loss of the subject of the re-insurance. This experience emphasizes the great importance of the *pro rata* clause in all re-insurances.

The principal clauses in use by our companies read as follows:

*First.* Loss and return premium, if any, to be payable under this Policy in the proportion that the sum re-insured hereby bears to the valuation of the insurable interest, and to be paid in the same currency, in the same manner, at the same time, and according to the same adjustment as accepted and paid by the re-insured.

*Second.* This re-insurance is to be subject to such risks, valuations and conditions as are, or may be, accepted by the

re-insured and payment of loss to be made at the same time.

*Third.* Being a re-insurance to Policy No. . . . ., issued by the . . . . . Agency of the . . . . . Insurance Company, subject to the same clauses and conditions as original policy, and to pay as may be paid thereon.

The first clause in general use by our local companies is, without exception, the best and fairest for all parties. It limits the liability of re-insurers to a *pro rata* payment of loss as accepted and paid by the re-insured. It does not cover any risk not intended by the reinsurers; it does not give the re-insured the power to bind their re-insurers without first consulting them to any intended alterations or changes in the original contract.

In fact, it compels the re-insured to treat their re-insurers in the same respect as they demand of their assured. Is not this fair and just, and in accordance with the intention of a re-insurance contract, notwithstanding any clause added thereto to the contrary?

#### Right of Policyholders to Change Beneficiary, and to a Surrender Cash Value.

This is not an insurance question proper. It cannot concern the companies, in a material sense, to whom they pay the insurance, whether to the person named in the policy, or some other nominee who may establish a right to it; and it affects the contract only so far as relates to the person entitled to the proceeds of it. Col. Greene's argument in regard to it is based upon a misconception of what it is. The bill does not in any manner affect the law of insurable interest as a condition of valid life insurance. The discussion by several gentlemen of the sufficiency of the surrender charge, and of the expediency of the right to surrender for cash under any circumstances, does not relate to any proposed change in the law. They assault the law itself, and the argument is the same used against its original passage, and I am sure will not avail to disturb the well founded policy of the Commonwealth. Rather than increase the surrender charge, I would abol-

ish it altogether, as will be, by and by, when life insurance attains its full development. I do not propose any change of the surrender charge in the bill under consideration.

As to the suggestion by Mr. Lewis of embarrassment and confusion to the companies, because it will compel them to issue two kinds of policies, I am unable to treat it seriously. These companies already issue several hundred kinds of policies, different in their respective conditions, to people in all parts of the civilized globe, and subject to the diverse laws of the numerous nations of four continents and various islands of the sea. To issue one more will not prove an intolerable burden. But, as I remarked before, the law will not affect the contract except as to the person entitled to its benefit, nor will it compel any company to write another form of policy than it does now. Like the rest of his argument before the committee, Mr. Lewis' discussion of this question is disingenuous.

But I recognize that the expediency of the amendment, as a social question, is fairly debatable, and that question should be decided on its intrinsic merits, without regard to the irrelevant matter lugged into the discussion. Ought one who, of his own motion and out of his own means, insures his life, to have the power, while he lives, to direct the final disposition of the insurance? He has that power now if his policy is made payable to his general heirs or legal representatives. Should he not retain that power even though he originally names in the policy the person whom, should he presently die, he desires to have the benefit of it; so that, if that person dies, or circumstances thereafter should arise to change his desire, he may name another? Under existing law, by naming a person as beneficiary, the insured creates an absolute estate in the insurance in such beneficiary which he cannot defeat or transfer, whatever may happen; and if the beneficiary dies, the insurance goes to his or her heirs, though alien to the blood and affection of the insured. This law as it now exists conforms to the ancient law of trusts.

The considerations that led me to advise the amendment are stated in my report. I

need not repeat them here. Practically, with the proposed new law in effect, there might be instances of an ungenerous use of the power, such as have been referred to here. But even in such cases the man misuses or squanders what he himself produced, and to which nobody else contributes, and over which, upon general principles, he could claim the right of dominion. But the rule will be overwhelmingly the other way. The vast majority of men who insure their lives for the sake of their families, will be guided by affection and judgment in their care of the family welfare in the disposition they make of the estate their affection and solicitude creates. Certainly the nature of life insurance, as a provision by the insured after his death for those who have claims upon his care and affection, will not be altered by the circumstance that he retains the right while living to name, as his heart and sense of justice dictate, the particular persons to whose benefit it shall inure. The exemption of the insurance from liability for his debts is in favor of the beneficiaries alone, and should it ever come to his own use or fall into his general estate, his creditors may enforce their claims against it. Similarly, the exemption from attachment of a homestead estate ceases if the owner converts the estate into another form of property. Life insurance creates a unique estate, *sui generis*; there is none other like it; and in dealing with its rights and equities the Legislature need not feel hampered by the doctrines and traditions of the old property law.

I place a high value on life insurance as an individual and social beneficence, and would promote it in the favor of the people to an extent it does not now enjoy. If it was established as the bill intends, so that one who takes insurance shall be able, if the conditions of his family relations shall alter, to change his insurance to suit his changed conditions, and so that, if the circumstances of his life shall become such that he no longer needs the insurance, he can surrender it for a fair value and apply it to his life wants, the usefulness and popularity of life insurance would in my judgment be greatly helped.—*John K. Tarbox.*

### The Old Fire Insurance Badge.

On the front of some of the houses of a past generation in the oldest streets of this city may still be seen the metallic "badge," as it was called, affixed to the wall in accordance with an antique custom by the insurance company under whose special protection the property was placed. These markers, under the changed and changing conditions of the fire insurance business, are no longer practicable nor desirable. They may be ornamental, but in our day they are not useful. The tide of competition is sweeping away the old landmarks, and this once familiar emblem of the stage-coach era of insurance is gradually disappearing from view.

On the other hand, there is a disposition to revive the old-fashioned miniature sign-board in some of the cities of Europe, and noticeably in the older Swiss, Italian and German cities. In traversing the streets of Rome, for example, the stranger will observe, more particularly upon the modern buildings, the neat tablets, with blue ground and white letters, of the Fondiaria, which, if we judge by its constant recurrence—more frequent than the tokens of other companies—is either more popular or more enterprising than others.

Under Swiss and Italian skies the sort of paternalism or monopoly implied in these little mural tablets is as possible to-day as it was in Baltimore or Philadelphia fifty years ago, or in London a hundred years ago. An agent of the Italia or the Helvetia, the Minerva or the Adriatica, does not impudently call upon the owner of the house which is decorated with the blue and white signal of the Fondiaria, and say, "You are paying too much for your insurance. We will write you for twenty or thirty or forty per cent. less, and save you that much," The smart undercutter or the underground operator of our American cities is as much of an unknown quantity in Lucerne, or Genoa, or Naples, as is American soda-water or American whisky.

Antiquarians inform us that the company which originated the badge was the first of the London fire offices, the Hand in Hand, founded in 1696. Its device was

four hands grasped crosswise in the manner common among children of forming a seat to "carry my lady to London." The device of the Baltimore Equitable Society, founded in 1794, was two hands clasped, sometimes cast in iron, and sometimes carved in wood and gilded. That of the Firemen's Insurance Company was an old-time gallery engine, and that of the Associated Firemen's a fireman on the run shouting through a horn. Evidently it will not be long till these emblems will only be found among the relics of our museums, or on the shelves of the antiquary.—*Baltimore Underwriter.*

### Underwriting Down South.

We make the following extract from President Clarence Knowles' address at the recent annual meeting of the Southeastern Tariff Association:

The subject of cotton mills is one which is entitled to careful consideration. The effect of our schedule has been to compel improvement of them to a point where they are acceptable to the mutuals, and the result is that on the better class we only get their surplus line, and at a totally inadequate rate. Seventy-five cents on a risk which includes the hazard of a picker is too low, for partial losses in picker rooms will probably absorb the annual premium. There is considerable doubt whether it was judicious to make and apply a schedule which improved risks which, under the old conditions and rates, had been profitable, and thus prepare them for mutual insurance. There is no doubt but that our schedule and its application and resultant improvement in the risks for cotton warehouses was wise, for cotton had always been unprofitable, but cotton mills had paid us well, yet we improved them off our books. Now, the question is, how can we recover them at adequate rates? The Atlanta Compact Commission discovered a way which returned to the books of the stock companies two mills which had gone to the mutuals, and that was by refusing to write on them until the companies authorized to do business in the State had their full line on them. The law in Georgia and other

States prohibits the adjustment of losses by unauthorized companies, and banks will decline to loan on the policies of such; therefore at least a limited amount of authorized insurance is absolutely necessary. Let the authorized companies give the mills the option of first exhausting their line, then letting the mutuals take the surplus (instead of submitting to the present plan, which is the reverse of this); or, refuse to write anything, and they (the mills) will hesitate before placing their entire insurance in second and third-class mutual companies, for the best of them write in this field to only a limited extent. As it is now, on the best mills we simply get what the mutuals will not carry or only enough to insure local adjustment in case of loss, and banking accommodation—and we get all the inferior mills. The following clause in some risks under the jurisdiction of the Atlanta compact will make the assured slow to accept unauthorized insurance:

The additional insurance permitted under this policy is with the understanding and agreement that it shall be only in companies legally authorized to transact business under the laws of the State of Georgia; and any insurance on this property, or any part thereof, in companies not authorized to transact business in this State, will render this policy absolutely null and void.

This plan is not a boycott or a harsh measure of oppression, but is defensible before the public and the law-makers. We simply say that we decline to be made conveniences of any longer, and will not write on a risk in common with illegal co-insurers. We are thus enforcing the law and requiring insurance in companies which yield a revenue to the State. In my opinion, the State will endorse and uphold this course, and it will not result in hostile legislation; but it requires united and determined action on the part of companies, and no flinching at the loss of a line on a risk which they may have been favored with for purposes of adjustment. At the utmost, it could only result in the loss of the remaining portion of our cotton mill insurance, which is leaving us rapidly anyhow, and which we would be better off without under the present rates and conditions. I rely on your devising some prac-

tical plan of applying this remedy, if you approve it. It would be injudicious to burden the Association or the Executive Committee with its application, but it might be well to relegate the entire question to a special committee, with a view to securing a compact between the companies, which the association could assist in enforcing. I do not think the companies have ever realized the power of unanimous action. This organization embraces, as active or co-operative members, practically every company doing business in this section; and, with a scrupulous and rigid adherence to obligations, its possibilities are simply illimitable—but to the credit of the Southeastern Tariff Association, it can truthfully be said that it has yet to abuse its power by exercising it in the accomplishment of improper ends.

After five years' trial and advocacy of the measure, I am forced to the deliberate conclusion that the most prolific source of hostile legislation in this field is the enforcement of the three-quarter loss clause. Every valued policy law proposed has been aimed at this clause, and was instigated by the application of it. The North Carolina prohibition of the average clause was designed against the loss clause; and now, the Legislature of that State having repealed its obnoxious law, let this association meet it in the same spirit and repeal the cause of that law.

Had the loss clause ever so much more merit than it possesses, the policy of expediency would dictate its withdrawal. It was a "war measure," attempted as an experiment for the cure of the ills which beset us, and experience has taught us that it is productive of more ills than it cures. The value clause has its merits and not its objections, and is equally as effective, except in partial losses which do not occur where the loss clause is applicable—they are always total—in which instance both clauses operate identically. A better clause than either is a limited co-insurance clause, which I would like to see enforced at all places and on all property. Perhaps the time is not yet ripe for it, but it will come before the business can be placed on a

proper basis of profit. Such a clause was proposed by the last convention held at this place, and you authorized a ten per cent. reduction of rate on all policies which contained it, but so far as I know it is not used at all.

### The Royal Arcanum of Boston.

We print below an extract from an article in the *London Review* on this society, not because our readers are interested in its limited affairs, but because a stock co-operative lie is flatly denied by our English contemporary. It is the custom of all our American hat-passers—a custom never honored in the breach—to support their pretensions of stability by alleging the extreme longevity of “similar” English societies. The authoritative and frequent disproof of this absurd claim has never induced any American hat-passer to discontinue its use. The same stale story, as set forth in the following quotation in *noupareil*, is printed again and again. Age does not wither its charms, nor has “the lie” given it ever persuaded one champion to defend the falsehood. The following is the extract from the *London paper*:

The Royal Arcanum to-day states that it has enrolled on its books some 75,000 men, whose average age has grown younger each succeeding year—which is something wonderful to think of, and proves that the world is turning the other way about, and that we have at last solved the mystery of the waters of life. Say the council or the management of the Royal Arcanum, this has been arrived at by a large increase of young members; but, as the minimum age is twenty-one, a point must be reached by this time, or will be reached very soon, where this growing younger annually must inevitably stop. The reduction of the average age is one of those apparent pieces of legerdemain which appear to be exactly suited to the mental capacities of the members of the Royal Arcanum. The object of these our observations may become more apparent when we refer to a paragraph which accompanies the recital of these benefits, past, present, and to come, and runs as follows:

Whilst it will be conceded by all persons that such orders have done and are doing good, the sceptical will say: “Good while they last, but how long will they exist?” Founded upon charity and the strong superstructure of fraternity, the brotherly mercy and benevolence that have existed in such orders as ours—dating back to the organization of the first society of its kind in Great Britain in the year 1686 (*and which still exists*), the years 1711, 1712 and 1724 saw the formation of four more, where we find at present a membership of over 8,000,000 in over 2,400 such societies, springing up after the first was founded, societies there to-day numbering from 100 to 150,000 each, and one with a membership of 800,000. Where they have existed, thrived, and flourished for centuries, in the face of such facts there can be no argument raised against the life or stability of such orders in America, settling this question indisputably. The Royal Arcanum, founded upon the experience of all the older orders, its affairs so managed through a most rigid medical examination, a close scrutiny also of the social standing of the applicant, a strict adherence to its well-framed laws, every expenditure guarded in its general business, and the widow and orphans’ fund sacred to that end alone, ranks our society the cheapest and best in the land, and commends it to your most earnest attention.

We would like, appropos of this paragraph, to be permitted to state that it is specifically untrue, and that there is no such society in England, with a membership of 800,000 founded on principles in any way approximate to those laid down in the prospectus before us. If the ingenious compilers of the delusive statements to which we take exceptions, are referring to the Ancient Order of Foresters, or the Odd Fellows Unity, we beg permission to state that the constitution of these orders is about as different from that of the Royal Arcanum, on its own showing, as light from darkness, or chalk from cheese. It is not our mission to educate the organizers of this remarkable society, and to tell them wherein these differences exist; but we beg to specifically state that such differences do exist, and are absolutely irreconcilable with the pretensions of the Royal Arcanum. How 75,000 presumably sane men can permit a supreme council of any kind or sort whatever, elected in the manner that the supreme council of the Royal Arcanum is, to have the complete control of the widow and orphans’ benefit fund, is more than we can possibly understand. We presume that in a new country some novel experiments

may be tried, but we must protest against the experiences of the older nation being quoted in a manner at variance with facts. The experience of this country most distinctly points to the fact that the assurance fund, or what is called the widow and orphans' fund, can with undoubted ease be left to run itself for a considerable period of time in the hands of anybody. But, unless this fund is administered in such a way as will bring the custodians thereof under the immediate lash of criticism and censure on the part of the general body of members, that widow and orphans' benefit fund is bound either to blow up or to come down in the ordinary fullness of time. The prospectus before us contains neither the names of the responsible officials of the society, the revenue, the assets, nor even the addresses of the central and subordinate branches, but it is so full of misstatements, as to the experiences of Great Britain, and so choked with misleading, though specious, recommendations of its own virtues, that we can very readily understand that shrinking from publicity, which the absence of those details on the printed prospectus would indicate. We can only regret that 75,000 foolish people can be found in any part of the world who can put a belief in the working of such an order, based upon such principles, and based for moral and material support upon grounds which are specifically false. It is, however, about as much use protesting against the folly of mankind as it is to inveigh against the idiocy of those people who support the tipsters and hangers-on of the betting ring. A certain percentage of talented persons will always be able to subsist on the credulity of that much larger percentage of the foolish and impulsive. Amongst the latter, we regret to say, we must number the body politic of the Royal Arcanum, and amongst the former the members of the Supreme Council thereof.

In Breslau, Germany, a factory chimney fifty-four feet high is made of paper, pressed in blocks and cemented. The chimney is non-inflammable, resists the wind better than brick, being elastic, and does not "attract" lightning.

### Street Railroad Buildings.

The majority of these establishments have extremely large and open floor areas; so large, in many instances, that if the legitimate and customary charges for excess areage were properly made, they alone would often equal or exceed the entire rates now received for insuring the property. The area and hight features are of great importance in these risks, because the stabling of live stock is usually done on the upper floors of the higher buildings, which, besides rendering its removal almost impossible in case of fire, also necessitates opening the floors by extensive gangways, etc., and because their unobstructed space, often filled with exceedingly inflammable material, is so vast that a fire once started immediately creates an unusual draft, becomes uncontrollable, and generally makes a total loss.

These places, while obtaining insurance as innocent car depots and horse stables, are not only the depot and stable, but have, in most cases, steam or other power hay cutting and grain grinding machinery, a blacksmith shop, a painting and varnishing shop, a harness making shop, a hand wood-working shop, and sometimes a regular steam power wood-working department, with the shavings burned on the premises under conditions that would be prohibited in a regular high-rated wood-working risk. In addition to the features mentioned, including the increased hazard attending the stabling of live stock in basements and on second and third main floors, there are the dangers of handling and using kerosene oil for car lamps, etc.; also from the use of heating stoves in cars, from which cause, one depot with rolling stock has been destroyed in our district. Beside which, the inside labor employed in these establishments being mostly of a low degree of intelligence, the liability of incendiary fires by discharged or revengeful workmen is more than ordinary.

Therefore, the analysis of a full-fledged street-car-depot-horse-stable combination risk of to-day discloses numerous and special hazard features of several degrees, any one of which would, in buildings by itself, be required to pay from one to four times as

# STATEMENT

## OF THE CONDITIONS AND AFFAIRS

### OF THE

# COMMERCIAL Union

#### ASSURANCE COMPANY (LIMITED) OF LONDON, ENGLAND,

On the 31st day of December, A. D. 1886.

Amount of Capital Stock paid up in Cash, - - \$1,250,000 00

### Assets.

Real Estate owned by Company.....	\$1,100,264 33
Loans on Bond and Mortgage.....	353,707 26
Cash Market Value of all Stocks and Bonds owned by Company.....	3,460,107 56
Amount of Loans secured by pledge of Bonds, Stocks and other marketable securities, as Collateral.....	3,333 33
Cash in Company's Office.....	1,541 04
Cash in Banks.....	1,179,064 48
Interest Due and Accrued on all Stocks and Loans.....	255 00
Interest Due and Accrued on Bonds and Mortgages.....	3,870 00
Premiums in due Course of Collection.....	876,448 99
Bills receivable, not matured, taken for Fire and Marine Risks.....	45,852 68
Rents Due and Accrued.....	1,710 00
Due from other Companies for re-insurance on losses already paid.....	32,692 80
Total Assets of Life Department.....	5,119,441 46
Sundry Offices for Guarantee Premiums.....	135,063 42
Other Loans on Mortgages.....	164,999 53
Stamps in hand.....	1,996 67
<b>TOTAL ASSETS.....</b>	<b>\$12,480,347 95</b>

### Liabilities.

Losses in process of Adjustment or in Suspense.....	\$ 562,750 00
Gross Premiums on Fire risks running one year or less, \$4,006,189 54; re-insurance fifty per cent.....	2,003,094 77
Gross Premiums on Marine and Inland Navigation risks, re-insurance 100 per cent....	283,095 00
Gross Premiums on Marine Time Risks, re-insurance fifty per cent.....	139,570 00
Liability under Life Department.....	5,119,441 46
Interest paid before being due.....	4,182 46
Cash Dividends remaining unpaid.....	1,015 60
All other Demands against the Company.....	144,850 93
<b>TOTAL LIABILITIES.....</b>	<b>\$ 8,257,999 62</b>
Net Surplus.....	\$ 2,972,348 33
Capital paid up.....	1,250,000 00
	<b>\$12,480,347 95</b>

Income, \$5,873,365 50

Expenditures, \$5,254,802 35

#### STATEMENT SHOWING PROGRESS OF UNITED STATES BUSINESS UNDER PRESENT MANAGEMENT.

YEAR.	NET PREMIUM.	GROSS INCOME.	LOSSES PAID.	TOTAL EX- PENDITURES	EXCESS OF INCOME	TOTAL ASSETS IN U. S.
1877	902,011	931,074	475,830	756,981	174,093	1,139,796
1878	891,324	940,942	418,786	676,774	264,168	1,494,046
1879	1,218,100	1,293,115	749,005	1,118,923	174,192	1,653,390
1880	1,294,795	1,352,208	703,718	1,078,474	273,734	1,877,376
1881	1,359,919	1,417,035	800,917	1,213,652	203,383	1,997,551
1882	1,593,944	1,655,682	1,010,535	1,515,419	140,263	2,160,258
1883	1,620,947	1,685,933	980,049	1,501,120	184,814	2,327,636
1884	1,897,937	1,969,356	1,152,915	1,743,305	226,051	2,398,555
1885	1,898,068	1,968,975	1,172,108	1,802,507	166,468	2,469,732
1886	1,954,595	2,032,581	1,127,853	1,769,742	262,839	2,596,313

PACIFIC COAST BRANCH,

210 Sansome Street,

San Francisco, Cal.

C. F. MULLINS, MANAGER,



much, or more, from its insurance than these total loss aggregations are now paying as a whole.—*W. H. Frazier.*

### The Life Underwriter and His Work.

From 1706, the year in which the oldest life insurance company now doing business in England was organized, to wit, the "Norwich Mutual," until the present, the work of life insurance, (more properly termed income assurance) has been pressed and almost entirely carried on by a class of men known as agents. No other business in this country has been so distinctively dependent upon this class of men; and when you examine the truly marvelous figures indicative of the volume of business which has and is being done in this great branch of industry, it is not strange that it should require an army of workers. Yet no business of importance is known where the principle is so rarely shown.

One of the *very* strange things connected with this business is this, that men, except in rare cases, will not go, voluntarily, to the life office and make an application for an insurance policy. On the contrary, they sometimes even *shun* the life office, and it has occurred, that the life agent himself has got a wide berth from this class of men, as though they fear the matter being pressed upon them and that they will be brought face to face with a plain duty or an obligation not easily thrown off. Yet this same class of men are generally the ones best pleased when the "thing is done." Policies of insurance on the lives of the best men in every city, town, and hamlet are being issued by the tens of thousands; and yet how many of these would be written if the indomitable agents should take a vacation for one year?

One company whose walls reach almost beyond the blue will soon write a policy, and number it three hundred thousand. We doubt their having successfully reached this great altitude without the co-operation of the solicitor, had they begun business Feb. 1, 1542, instead of three centuries later.

Other departments of industry have taken a useful hint from ours, and have placed

men on the road in every direction, pioneered by life insurance. Comparatively few goods are jobbed or wholesaled to-day without the intervention of the drumming agent.

Life insurance of the day, speaking more particularly of companies and general results, is set down by everybody as a success—a grand, glorious success. But what shall we say of the employment of the most important factor in the business, and in which we jointly and severally are the more interested; namely, the agent. Yes, agent—a time-honored but a time-smutted term. The meaning of the term agent is "an active cause" or "power." The relation of steam to the engine is identical with that of the life agent to his company. What possible use can a locomotive be put to without the driving power of steam? If our companies are equally dead and useless, in a progressive business sense, without the aid of the underwriter, then it must be equally true that the agent is the vitalizing force and, in short, the *life* of the business.—*E. F. Gaff.*

### Valuation of Life Insurance Assets.

I proceed to the consideration of the rule of valuation proposed for the assets of life companies. What does the rule propose? Simply that so much of the assets of a life company as constitute its reserve shall be made up of assets of undoubted soundness, at the valuation put upon them, and of assets able to produce such a rate of interest as it must earn in order to meet its obligation.

What is the reserve? I do not mean in a technical sense, but in substance. It is the company's sinking fund, upon which it depends to pay its debts when they fall due. How do we estimate it?

First, we ascertain when the policies will be due and payable. This we do in the case of an endowment policy by taking the date when it is payable, if the assured survives, with allowance for the chances of his earlier death and the consequent earlier presentation of the claim for payment, and, in the case of a life policy, by taking the date of probable death as anticipated by the

mortality table. This statement (I make my bow to the actuary) is not scientifically exact, but is precise enough for illustration.

Second, having thus computed the company's liabilities, we calculate by a simple process of mathematics what fund it must now hold to enable it to pay its policies when they mature.

That is the reserve. As the principal of the reserve is calculated upon the assumption that it will always earn four per cent. compound interest, it follows that if it shall not earn that income it cannot fully perform its office. Hence the proposal to value the assets of the reserve with reference to their income-producing power. The effect would be that any deficiency in the income rate would be made up by a proportionate increase in the principal, and the security thus always kept good. Were the reserve computed upon the basis of an anticipated three per cent. income, the assets should be taken at their value as three per cent. investments for the same reason.

Is not the matter plain? The value of an asset to sell, is what it will fetch in the market. But if held to pay a future debt, its value for that purpose is what it will realize when that debt comes for payment. We cannot pay a four per cent. interest-bearing debt with a three per cent. interest-producing sinking fund, unless the principal of the sinking fund is proportionately larger than the debt. This rule will not discourage the holding by a life company of government or other good low-rate income securities. It only obliges the company to rate such securities, when held as part of its reserve, at their actual value for the use they are held for.

Note carefully, gentlemen—for it answers most of the objections urged here—that the rule affects only the assets which make up the reserve. Every well-ordered life company has other funds. This bill allows the accumulation of a fund, in addition to accrued surplus not due to be divided, of an amount equal to ten per cent. of the reserve. If a company's investments are properly made, it will find in its surplus funds ample place for its cash and all its idle and slothful assets. The case is much

like that of stock companies who, by law, must invest their capital in specified securities, but may place their other funds in whatever sound investments they choose. The assets would be classified in two parts—reserve fund and surplus fund.

As the reserve assets are sought to be rated by their value as a permanent investment, the rule does not value them by what they may realize in a single year, an exceptional year, but by their ordinary income-producing power. That is what is meant by the term "average annual income" in the bill.

A suggestion has been made that the enforcement of the rule would render some of the companies technically insolvent. Before I decided to recommend the rule, I caused a valuation on that basis to be made of the assets of all the companies, as reported to the department. Not only was no company made to appear insolvent, but with less than a half-dozen exceptions no one of the companies was materially affected in its apparent financial status. No company with sound assets will be hurt by it. Several, who bear the burden of unfortunate investments, may suffer somewhat by comparison with more fortunate or more prudent rivals. But that is only justice.

Why prescribe any rule? The present rule of valuation by market values, regardless of the permanent value of the assets, is not a prudent one. No company bases its transactions with its policyholders upon it, or divides its surplus upon such an estimate of its assets, because of a fear that it might expose the financial integrity of the company to danger from the fluctuations of commercial values. And if it is not safe for the companies to adopt as their basis of safety, it is not safe as a standard of solvency for the State to enforce for the protection of the public.

The rule proposed is not a perfect one. The man who can frame a perfect rule is not born yet. Were it proposed by the State to take the property of the companies by eminent domain, or by any other power, I should not consider it a fair rule to measure their compensation by. And it is from that standpoint, gentlemen, it seems to me, that

the most of the argument in opposition to the rule proceeds. We propose to take no dollar of actual value from the companies. But for the purpose it is designed to serve—to make sure that only a safe value shall be put upon the assets which a life company holds to secure the fulfilment of its contracts with its policyholders—it is a convenient, a just, and a reasonably safe rule, though not so safe as if it rejected all market values over par, which is the habit of the New England Mutual, and some other companies, in the regulation of their business.—*John K. Tarbox.*

### The Home Benefit Association.

A correspondent, writing from Livermore, is anxious to know whether the Home Benefit of San Francisco is a reliable company, as his "attention has been called to an article in the *COAST REVIEW* for September (1886), reflecting discredit" on the Montgomery street hat-passer. Well, sir, that association has not a "gilt-edged" reputation among business men. If the Home Benefit has any assets there is no official evidence of that interesting and very doubtful fact; but it is not at all doubtful that it has liabilities, which assuredly exceed its nominal assets, assuming that it has any assets. So the assets of the Home Benefit, if it has any assets, do not cut any figure in the discussion of its reliability or the value of its promises to pay. Of how much value is Dick Roe's or Jack Doe's promises to pay if neither of those estimable and well-known gentlemen has any money or assets? Their unsecured notes are not worth a dollar, of course, honest men though they are. Everybody knows that, and everybody ought to know that an association like the Home Benefit, or the Bankers' & Merchants' Mutual, being without assets, is not entitled to any more credit than poor Dick Roe or Jack Doe. It is strange that intelligent men should think it necessary to make inquiries as to the stability and security of any corporation without money; but intelligent men do make such inquiries, and those who don't, frequently buy insurance of these moneyless and treacherous assessment corpora-

tions, and for their money they get—well, they usually get left. These intelligent men—upon other subjects they are reasonably intelligent—these intelligent men would not sell anything on credit to these moneyless hat-passers; they are too sharp for that; but they will buy and pay for something they have no evidence that the hat-passers can deliver, which we and many others know the hat-passers cannot deliver; these intelligent men are not too sharp for that.

While the Home Benefit and the Bankers' and Merchants' and other hat-passers may pay some claims, the smaller claims, in full—we shall not be uncharitable enough to say that they do not, nor rash enough to say that they do—their ability to pay any claim or loss wholly or partly depends upon the proceeds of an assessment. That is the limit of their liability, as many a poor widow has learned. If you will read your certificate you will find, printed in small type, a provision that the association does not undertake to pay your beneficiaries the full amount of the alleged insurance—not the two, three or five thousand dollars printed in big poster type—but only the amount collected on an assessment levied to meet the claim maturing by your death. Your beneficiaries could not collect more than that if the company had a million or more assets. There is no recourse in law for anything above the amount yielded by the assessment, or the due share thereof; and the courts are powerless to enforce the payment of the assessment proceeds should the money be misappropriated, nor can the courts order the levying of a new assessment in the event of a diversion of the proceeds of the proper assessment.

The Home Benefit is not subject to the supervisory insurance laws of California, and we therefore cannot give you official figures, nor any figures showing the large percentage of resisted and repudiated claims, nor the small percentage of the losses paid to losses incurred. The absence of any laws regulating co-operative insurance in this State is largely owing to the determined opposition of the Home Benefit. We can safely leave you to draw your own conclu-

sion as to the motive of the objection to any law demanding publicity of accounts.

We have from time to time printed facts derogatory to this company, and the truthfulness of none of our statements has been denied by the managers of the association.

### Los Angeles.

The boom in real estate in Southern California, during the past two or three years, while highly speculative in its character, has been genuine enough to largely increase the permanent population. The extensive and substantial improvements prove this. New towns are springing up on every hand, and many of the older towns have suddenly outgrown all resemblance to their former selves. Substantial brick blocks, magnificent hotels and handsome dwellings are in various stages of construction in all the principal towns, and building materials cannot be shipped in fast enough to meet this unprecedented demand. Tenderfeet are flocking in from the Eastern States by the carload—aye, by the trainload. They come with considerable money and less judgment—the one-lunged and the double-lunged—looking for health and pleasure and profit. The contrast between the delightful climate of our semi-tropics and the rigorous climate of the East makes these tenderfeet tourists the easy prey of the real estate agent. Hence this extraordinary boom, which will soon embrace all California, north as well as south.

The center of all this boom, and its chief beneficiary, is Los Angeles. From a sleepy town of 15,000 inhabitants in 1880 it has developed into a busy city of 40,000 or 50,000. Its extensive limits are traversed by horse, cable, electric and motor roads. Its streets are thronged with visitors. Beautiful and palatial dwellings embowered in roses now stand where formerly were vineyards and orange groves, and all the suburban acres have been transformed into budding towns. The principal industry is the making of town lots, the principal trade is the sale of town lots, and the sole topic of conversation everywhere, in kitchen and parlor, is town lots.

As yet Los Angeles is merely an overgrown village. The people are provincial, with provincial airs and vanities. They actually think that San Francisco, with a third of a million inhabitants, is jealous of the growth of an inland city of less than 50,000. There are no good hotels in Los Angeles, and no decent public buildings. The business part of the city is not a creditable one, although there are a few good and modern business blocks. As a rule the streets are not graded, and they are narrow and unpaved. There is no sewerage system. The back yards are cess-pools and general receptacles for all sorts of house waste.

The fire department is a poor one and entirely inadequate. There is no fire marshal or other official authorized to inspect property and enforce suitable fire ordinances and stringent building laws. Apparently there are no fire limits and no fire laws. Frames are run up in the heart of the city, contiguous to valuable business property. Sheet iron and terra cotta chimneys appear above many roofs or are thrust out of walls. Business men dump ashes into wooden boxes, and sweep store-waste out into back courts, and allow the inflammable stuff to accumulate by the cart load. The city is practically a frame one, and the average distance between dwellings diminishes as real estate advances. The foliage is not sufficient to be considered as a factor in diminishing the average hazard. The present rates, under the new condition of things, are insufficient. If the authorities do not promptly enact and enforce suitable fire ordinances, and greatly improve the fire department, the underwriters will be compelled to raise rates throughout the city.

Dr. Philip Sayle, the notorious English insurance adventurer, has been sentenced to five years' penal servitude upon a charge of obtaining money on false pretences. Sayle was the originator of several wildcats, and it was for operating the last one that the law finally got him in its clutches. He should have started an assessment company in the United States. He might now be a legislator and a deacon instead of a convict.

### A Life Solicitor's Misrepresentations.

A leading life company has in its employ on this Coast a solicitor, a pseudo "special," whose methods are dishonest. We do not believe that the company or its general agent is aware of his misrepresentations, for, if either knew of them, self-interest as well as honor would demand the instant discharge of the young man, or administer to him an emphatic and sufficient rebuke. Plenty of new business may be obtained, for a time, by misleading figures and bold lies; but the reaction is disastrous. Other solicitors, working for any company, are demoralized, and the insured, finding the actual results far short of the estimated results, drop out of the company and give it a "black eye" at every opportunity. The special solicitor of whom we write makes large rebates, which he is enabled to do because of a bonus given for a stipulated amount of business. The ordinary agent cannot compete with him, neither in rebates to the assured nor in versatility of unveracity. We have said enough to indicate the guilty party to those immediately concerned, and we trust that further and more explicit reference will be unnecessary.

Following are two estimates furnished, on printed blanks, by this "live special:"

#### FIRST EXAMPLE.

Amount, \$10,000. Age, 44. Plan, 10 Year Life.  
Premium, \$671. Total amount paid, \$6,710.

#### Estimated Results:

\$10,000, paid up Policy, fully participating in ALL profits.  
4,046, being return of all premiums paid in.  
9,156, cash surrender value.  
2,440, clear profit.  
14,000, average insurance FREE ten years.  
18,000, paid up Policy, fully participating in ALL profits.  
824, annuity bond.

#### SECOND EXAMPLE.

Amount, \$5 000. Age, 44. Plan, return Premium ten year Endowment, Period, ten years. Rate, \$602.50. Total paid, \$6,025.  
Protection from first year, \$5,602.50; to last year, \$11,025. Average insurance, \$8,072 for TEN years.

#### Estimated Results:—

\$ 8,250, cash surrender value.  
2,125, net profit.  
8,012.50, average insurance FREE 10 years.  
12,000, paid-up Policy, fully participating in ALL profits.  
656, annuity bond.

In the first of the foregoing examples, \$4,046, alleged to be a return of "all premiums paid in," if intended to represent the profits accruing in the ten years, is a misrepresentation of over 100 per cent. The actual results in his company are only 24 per cent. of premiums paid, instead of over 60 per cent., as claimed. The estimated surplus under a similar policy in another leading company, under an equally profitable distribution plan, is only \$1,096, or about a fourth of the \$4,046 promised by our smart solicitor.

The cash surrender value, \$9,156, is equal to six per cent. compound interest on every dollar paid, leaving the company to carry an alleged \$14,000 of average insurance for ten years. The company only realizes five and a third per cent. on its average investments. The most favorable estimate by other companies, under a similar policy, is a cash surrender value of \$6,620, or two-thirds of the estimate made by this solicitor.

This is not a return premium policy, as represented; but if it were, the average amount in force would be only \$13,690, and not \$14,000.

As to the "\$18,000 paid up policy, fully participating in all profits:" that is as much overstated as the cash value, and no such paid-up policy participates in any profits, for it is in lieu of the entire equity of the contract.

The \$824 annuity is a little out of proportion to the cash value, as promised; but under the estimates of other companies it should be about \$550.

Let us now consider the second estimate made by this mendacious solicitor. The proper premium is \$606.50, or \$6,065 for the ten years—not \$6,025. The average insurance would be \$8,137.50 under the premium given, or \$8,333.25 under the correct premium. The cash surrender value, as in the previous example, is nearly six per cent. compound interest, besides expenses and mortality, or more than the company realizes on its investments. Our unscrupulous and inaccurate solicitor is promising to pay more than the company receives, and expenses besides. The net

profit is an error of \$100, and the average insurance in the "results" does not correspond with that a few lines above in the "protection."

In the first example, \$18,000 paid-up insurance is offered for \$9,156; in the second example, on the same sheet, only \$12,000 paid-up insurance is offered for \$8,250. Thus, under the former policy, he proposes to give \$6,000, or 50 per cent. more insurance than under the latter policy, for only \$966 (or about 11 per cent.) more money.

The reader will see that both the statements put forth by this agent are false as a whole and inaccurate as to details. His premiums, policy forms, computations and estimates are incorrect and designedly false and misleading. Not only does he misrepresent and exaggerate the plans and promises of his company, but he endeavors to unsettle and pull down the business effected by agents for other companies, by offering the assured the entire agents' brokerage "off" as an additional inducement to revoke any insurance with such companies and place it with the company represented by this unscrupulous solicitor.

### Liverpool & London & Globe Insurance Company.

Last year the Liverpool & London & Globe Insurance Company turned its half century with the largest yearly income since organized. The total assets of this great company, including the figures of the life department, are some \$40,000,000; but it is with the fire department figures that we shall deal in noticing the business and standing of the company. Subtracting the life liabilities from the gross assets, we have \$16,985,036 left, which sum represents the fire assets. This is a handsome gain of \$2,490,953 for the year 1886. The net surplus is now \$10,092,884, an advance of over a million dollars. The premiums aggregated \$6,447,972. The gain was within a fraction of \$200,000, while the losses were considerably less than for the previous year. The loss ratio was the moderate one of 53 per cent. The United States branch reports over \$6,000,000 assets, and over \$3,000,000

net surplus. The premium income was \$3,686,553, or more than half of the total income.

On the Pacific Coast the Liverpool & London & Globe does a very large business, and secures "the cream" at that. It transacts the largest city business, and is exceeded by only one company, a popular local, in the volume of Coast premiums. Its business in this field is increasing steadily. Last year the premiums were some \$288,478.

With such an array of figures as the foregoing, representing the resources, security and extensive business of the company, at home and abroad, anything further commendatory would be like gilding refined gold.

### Change in the Equitable Agency.

A change has been made in the general agency of the Equitable Life Assurance Society in this field. George L. North and Bert G. Snow have been appointed managers of the Pacific Coast, succeeding Wm. D. Garland, who, however, retains the agency for San Francisco and the Hawaiian Islands. This change in the management has grown out of Mr. Garland's declining health.

For nearly nineteen years Mr. Garland has represented the Equitable on this Coast. His activity has been extraordinary, and his capabilities are attested by the fact that for many years he has transacted the largest life insurance business in this field. In reluctantly accepting his relinquishment of the Pacific Coast management, the company gracefully acknowledged the value and degree of his services.

The new general managers, Messrs. North and Snow, have been connected with the San Francisco branch for several years, the former as cashier and the latter as solicitor. Their promotion to the responsible position of managers is in line with the policy of the company to always recognize and reward superior merit. Mr. North, in the office, has shown himself to be specially capable and trustworthy, while Mr. Snow, on the outside, has been the most successful solicitor on the Coast. It is true that he has

had a great company to work for—a company with liberal features and seventy-five million assets—but his successful presentation of the claims of the Equitable have been none the less remarkable and highly creditable.

We risk not a jot of our reputation as a prophet and the son of a prophet when we venture to predict a new and strong impulse to the Equitable's flattering progress in this field, as the result of this tripartite agency of Messrs. Garland, North and Snow.

### Lucky San Francisco.

Twenty-four alarms for fires caused by exploding fireworks were responded to in San Francisco on the glorious Fourth, but luckily the damages were nominal. Ordinances should be passed to prohibit the sale of fireworks in this and other cities. If there continues to be no restraint upon the sale or use of fireworks a disastrous conflagration will some day result. This method of celebrating any event is a barbarous pastime, borrowed from the Chinese, and is a disgrace to our American civilization. If, like children, we must be noisy, let us have some system about the noise. Let us ring all the bells in the city, fire cannons and small arms from morning until night, and blow up or down a hill or two with dynamite. These things may be done with safety, and with a greater boom than the Los Angeles boom; but a single fire-cracker in the hands of a small boy may burn a city and make thousands homeless. Is it not a marvel that a city of intelligent people, anywhere, and, worse, a frame city like San Francisco, should permit the explosion of millions of pieces of fire works, thrown about by careless children, vicious hoodlums and foolish men? Has the sad fate of Portland been forgotten? Now something ought to be done to secure suitable municipal legislation, but that something never will be done until the business men unite in an earnest demand for it.

The Ætna Ins. Co. of Hartford is erecting a six-story \$60,000 building in Cincinnati on a \$40,000 lot.

### Death of Jonathan Hunt.

Jonathan Hunt, the veteran San Francisco underwriter, died on July 4th at his home in Oakland, at the ripe age of 84. In 1855, Mr. Hunt, then a new-comer in California, procured the agencies of the Home, Niagara, Park, Lorillard and other New York companies, and established a general agency in San Francisco. In 1857 he resigned his agencies, to accept the office of Tax Collector. In 1863 he withdrew from politics, having been elected President of the Pacific Insurance Company. He held that position until the company's failure in 1871, after the Chicago fire. A year later he established the "Pacific" agency, comprising the American and the Insurance Company of North America, of Philadelphia, and the Continental of New York, to which were subsequently added the Royal, the London & Lancashire, and several American companies. A year ago advancing age and the death of his son persuaded the venerable gentleman to retire from business. The Insurance Company of North America, in accepting Mr. Hunt's resignation, gave him a liberal pension in recognition of his faithful services for nearly a quarter of a century. Before coming to California Mr. Hunt was a merchant in New York for many years. His long business career of over half a century was an active and fairly successful one; but his declining years were saddened by financial reverses and the untimely death of his son, S. O. Hunt.

### Two Fish Stories.

Two San Francisco underwriters tell the following fish stories. We would not even intimate that either is a liar, for such frankness is often attended with painful consequences. Seriously, now, both of these gentlemen are veracious, and their wonderful stories are to be credited. One of them, while fishing in Clear lake in Lake county, caught seventy perch at one sink of the hook! A tribe of Indians live on the banks of the lake, and they support themselves by fishing. It is their custom to sink large willow fish-traps, and the locality is marked

with stakes or floats. One of these fish-traps had been forgotten or lost, and into this basket our fisherman was lucky enough to drop his hook. An imprisoned fish snapped the bait, and the hook was strong enough to bring basket and all to the surface. In it were found, as stated, seventy fine perch. How long the basket had lain undisturbed in the water is not known. The other fisherman's story can be told in fewer words. He cast a fly in the waters of the Upper Sacramento last month, and instantly two trout darted for the coveted morsel. One "caught on" and was speedily landed. Imagine the astonishment of our fisherman when he saw the other fish rush after his struggling fellow, and leap after it, clear out of the water and upon the land. It was quickly seized and thrust into the basket. The case is a queer one. The sentimental may take mournful delight in the thought of the affection which united these two trout in death, but the common sensible will scout such a thought, and attribute the double catch to the sportive and leaping habits of trout.

#### Commercial Union Assurance Company.

Those are very prepossessing figures which we find credited to that large English company, the Commercial Union, for the year ending December 31, 1886, as filed with the Insurance Commissioner: Cash capital, \$1,250,000; fire assets, \$7,360,907; surplus to policy-holders, \$4,222,348; premiums, \$4,828,564; losses, \$3,102,484; dividends, \$186,970, or 14 per cent.; income, \$5,873,365, or \$1,112,534 more than the total expenditures. The surplus gained \$487,473; the assets gained \$339,104; the loss ratio fell from 67 to 64 per cent., which is considerably below the English average. The loss ratio on the United States business was 58 per cent., while on the Pacific Coast it was only 49 per cent. The United States branch figures are: Assets, \$2,596,314; net surplus, \$997,376; premiums, \$1,954,592; income, \$2,032,581; outgo, \$1,769,745. Under the present management the business of the United States branch, during the past ten years, has increased remarkably, and has been uniformly profitable.

The net annual premiums have advanced from \$902,011 to \$1,954,595, and the American assets have made a corresponding gain, from \$1,139,796 to \$2,596,313. The surplus income last year was \$262,839.

Looking over the elaborate statement printed elsewhere we find that the total assets of the Commercial Union aggregate \$12,476,165. The Company has paid for losses over fifty-one million dollars, and an interesting fact is the absence of any liabilities for losses resisted or adjusted and unpaid.

The Pacific Coast agency was established in this city in 1868, with G. O'Hara Taaffe in charge. The annual premium income from this field has advanced from \$19,802 for the first year to nearly a quarter of a million in 1886. The present manager, C. F. Mullins, came to California in May, 1884. He has been uninterruptedly in the company's service for eighteen years—as Superintendent of Agencies, and Assistant Manager in New York, Resident Secretary in Chicago, and Pacific Coast Manager. The business of the company in this field has increased very materially under Mr. Mullins' management.

#### New England Life Insurance Co.

This sterling and substantial Massachusetts life company presents the usual and expected evidences of growth and prosperity in its annual report. The premium income was considerably larger and the "losses" were less than for the previous year. The assets gained nearly a million dollars, and the surplus made a marked advance. The interest earnings were exceptionally liberal. The total assets on December 31st were \$18,609,152, with \$2,723,606 surplus as regards policyholders. The investments and securities of the company all evince care and good judgment in their selection. The premium income for 1886 was \$2,211,776, and the payments to policyholders aggregated \$1,971,573. The expense ratio was notably moderate. In this field the New England Mutual Life, under the management of Henry K. Field, does a very large business. Last year, in California, the company ranked third in the number



1803

# IMPERIAL

FIRE INSURANCE CO., OF LONDON.

(Instituted 1803.)

*Capital Paid in, - - - - \$3,500,000 00*  
*Assets, January 1st 1887, - - 9,658,479 00*  
*Invested in the United States, 1,620,505 63*

## PACIFIC DEPARTMENT

Having Jurisdiction over the States of California, Oregon, Nevada, Colorado,  
 and the Territories of Washington, Idaho, Montana, Wyoming,  
 Utah, New Mexico and Arizona.

GEO. D. DORNIN, Manager,  
 215 Sansome Street, San Francisco, Cal.

WM. SEXTON, Assistant Manager.



# WASHINGTON

FIRE AND MARINE INS CO.

OF BOSTON.

*Capital Paid in, - - - - 1,000,000 00*  
*Assets January 1st, 1887, - - 1,949,467 00*

## PACIFIC DEPARTMENT

Having Jurisdiction over the States of California, Oregon, Nevada, Colorado,  
 and the Territories of Washington, Idaho, Montana, Wyoming,  
 Utah, New Mexico, and Arizona.

GEO. D. DORNIN, Manager.  
 215 Sansome Street, San Francisco, Cal.

WM. SEXTON, Assistant Manager.



Subscribed Capital, - - - \$4,125,000 00  
 Capital and Gross Assets, - - 4,712,747 00

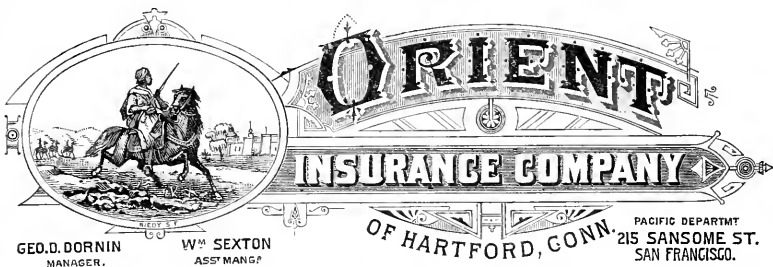
PACIFIC DEPARTMENT FOR

The States of California, Nevada, Oregon, Colorado, the Territories of  
 Washington, Idaho, Montana, Wyoming, Utah, Arizona,  
 New Mexico, and the Hawaiian Islands.

GEO. D. DORNIN, Manager.

WM. SEXTON, Assistant Manager.

215 Sansome Street San Francisco, Cal.



Capital, - - - - - \$1,000,000 00  
 Assets, January 1st 1887, - - 1,604,486 00

PACIFIC DEPARTMENT FOR

The States of California, Oregon, Nevada, and the Territories of Washington,  
 Idaho, Utah, Arizona and New Mexico.

GEO. D. DORNIN, Manager.

WM. SEXTON, Assistant Manager.

215 Sansome Street, San Francisco, Cal.

of new policies and the amount of new insurance written. This fact speaks well for the activity of the general agent and the merit of his company.

### Mutual Fire Insurance in New Hampshire.

The dubious effort to substitute dubious mutual fire insurance for stock insurance in New Hampshire, after the withdrawal of the stock companies, is no longer dubious, so far as several mutuals and several districts are concerned. Recent heavy fires have bankrupted a number of these Cheap John enterprises, and the remainder are all very much disfigured though still in the ring. Mutual fire insurance, properly managed—such as the mill mutuals supply—has a limited legitimate field, but that field is certainly not the Granite State, nor in any agricultural or commercial community. From present appearances the New Hampshire valued-policy law and the subsequent exodus will be prolific of valuable lessons and convincing figures illustrating the folly of cheap mutual fire insurance.

Among the several New Hampshire mutuals which could not breast the storm of fire was the Sullivan County Mutual of Newport. The directors met recently and decided to go out of business, the company being insolvent. It is stated that the management was in experienced hands. On the 4th of May the assets were amply sufficient to reinsure all outstanding risks, but within twelve days the assets were all swept away. The members lost their premiums, and for a time were practically without insurance; for, according to the testimony of the manager, there were no means of paying another loss had it occurred, and the company narrowly escaped incurring double their actual losses. It is this kind of fire insurance with which California was threatened at the last session of the Legislature, but happily the mutual company bill was defeated.

The following excerpt from the manager or chairman's circular is instructive:

"Should an assessment be made, it is entirely clear to the writer that we could neither hold our members by renewing their risks or keep our agents enlisted for

us, while such assessments would seriously add to our complications, and we should be obliged to close anyway from the fact that it is self-evident that the company has and can have no future. Should the views of the executive committee agree with those of the writer, then there is really nothing to decide. We have only to accept the situation in which we find ourselves placed. The fact that we run low in cash assets would not be sufficient reason in my mind for closing if it was practical to assess and continue, but there is another reason in the prospective outlook, and in the fact that during the first four months of the year we barely escaped more losses than we really suffered. In one large fire, risks amounting to \$3,200 had just run off our books, and in another case \$1,500. The most of these only a week or so. In another case (a loss of \$1,500), the risk stood upon our books, and we escaped it only by a legal technicality."

### English Accident Policy Clause.

English accident insurance companies limit the filing of notice to seven days. This limit, which it is said is not rigidly enforced, may be sufficient in a limited territory like the United Kingdom, but in the broader areas of the new world the seven days would be ridiculously small. There is a litigious spirit lurking behind the seven days' limit, as the most casual reader of English law reports will observe. It is an unreasonable, needless and illiberal restriction which often cannot be complied with; and the objectionable clause merely serves, as it was apparently designed to serve, as technical grounds for the resistance of uncomfortably large claims.

In the case of *Stoneham v. The Ocean, Railway and General Accident Assurance Company*, the policy limited the assurance to accident happening "within the United Kingdom, or on the continent of Europe," and also contained the following condition: "In case of fatal accident, notice thereof must be given to the company at the head office in London within the like term of seven days of the occurrence thereof." This clause was not expressly stated to be a

condition precedent, although such a statement was made in regard to some of the conditions of the policy. Notice of the death of the assured had admittedly not been given within seven days, and the plaintiff pleaded that it was impossible to do so. It was stated by counsel in the course of the arguments, that the body of the deceased was not recovered or identified within the time necessary to enable the notice to be given. On behalf of the company, it was contended that the condition as to notice was a condition precedent to the right to recover, and that the question whether it could or could not be complied with was therefore immaterial. For the plaintiff it was argued that the clause was merely directory. The defendants also contended that the accident, occurring in Jersey, did not happen within the United Kingdom or the continent of Europe. The High Court of Justice held that the condition in question was not a condition precedent, and that Jersey was, for the purposes of this contract, within the United Kingdom.

### French Insurance Law.

In continuation of the points of law upon the liability of a lodger in whose apartment a fire commences, to his landlord, other lodgers and neighbors (called *risques locatifs* and *recours de voisins*) for damages sustained by them, a judgment has been lately given upon appeal in the Cour de Cassation which, says the *Journal des Assurances*, "has been impatiently waited for." The dispute was between two companies, L'Urbaine v. La Nationale, the first of which assured the tenant's and the other the landlord's risk. According to the facts, a fire broke out on the 17th February, 1884, in the apartments of a person named Dargaud in a house at Mâcon. The damages to the house amounted to frs. 2042, and after paying that amount to the proprietor of the house, the Nationale, being according to French law, the representative of the landlord's rights (*subrogé de ses droits*) sued Dargaud for the repayment of the said sum. The Urbaine who had insured the *risques locatifs* of Dargaud

maintained that he could only be liable to pay in proportion to the annual value of the apartments that he occupied, and consequently that the Nationale was only entitled to the sum of frs. 718. The Court ruled that paragraph two of article 1,734 of the Code Civil modified by the law of the 5th January, 1883, is no more than a textual reproduction of paragraph two of the old article; that, in accordance with the terms of that paragraph, when a house is occupied by several tenants, if it is proved in whose apartments the fire commenced, that tenant alone is responsible, unless he can turn aside the legal presumption of fault which rests upon him; that the plaintiff invokes in vain the *travaux préparatoires* of the law of the 5th January, 1883, for they show that the modifications which the legislators wished to introduce into the old article 1,734 referred exclusively to the first and third paragraphs of that article; that it was even specified by the Rapporteur of the Senate that in the case foreseen by paragraph two, the tenant must, as in the past, be held responsible for the whole of the damages. The Court, therefore, confirmed the decision of the Cour de Dijon given on the 23d December, 1885, and ordered the Urbaine to repay to the Nationale the total sum of frs. 2,042, for it considered that the Cour de Dijon justly applied article 1,734 and had not violated either article 1,302 or 1,382 of the Code Civil as set out in the pleadings. This judgment, says our contemporary, settles in a decisive manner a question which for the past three years has been the subject of frequent discussions and disputes between the interpreters of the new article 1,834 of the Code Civil. It is due to our contemporary to say that the judgment is in accordance with the interpretation it has always given in its columns to the new article.—*Post Magazine*.

Old age has induced J. E. Pulsford to resign the resident managership of the United States branch of the Liverpool & London & Globe Ins. Co. He will receive a pension from the company. Henry W. Eaton, who has been with the company for twenty-one years, succeeds Mr. Pulsford.

## Analysis of Pacific Coast Insurance Losses for Six Months:

	TOTALS FOR SIX MONTHS.											
	1887			1886			1885					
	No. Fires.	Loss.	June.	No. Fires.	Loss.	May.	No. Fires.	Loss.	June.	No. Fires.	Loss.	June.
San Francisco.....	\$16,628											
California (San Francisco excepted)....	80,496											
Total California.....	\$97,124											
Oregon.....	\$7,297											
Washington.....	4,130											
Nevada.....	1,676											
Montana.....	1,000											
Arizona.....	1,750											
Utah.....	1,832											
Total.....	\$114,809											
January.												
February.												
March.												
April.												
May.												
June.												
Loss.												
No. Fires.												
1887												
1886												
1885												

## Coast Fire Record for Six Months.

We print in the adjoining column our usual analysis of the Pacific Coast Fire insurance losses for the first six months of the year. The "analysis" consists in "shaking" the losses into States and Territories and months. The totals for the first six months of 1885-6-7 are given, together with the number of fires. In reviewing the table it may be well to bear in mind that the figures are merely those reported to the COAST REVIEW, and do not include the six or eight per cent. small unreported losses. Formerly we did not deem it worth while to report the Utah losses, but this year they are included.

The aggregate for the six months is decidedly encouraging, not merely as compared with last year's figures, which were abnormal, but also with the figures for the corresponding period in 1885. The losses show a decrease of 42 per cent. this year, and a falling off of 17 per cent. from the normal and nearly average losses of 1885. The contrast between San Francisco's losses this year and last is great. This year we report only \$190,000 against \$809,000 up to July 1st last year. Two bad fires in Washington have swelled the losses in that Territory to a sum exceeding those of all the remainder of the Coast except California. With the exception of Washington, all the Coast States and Territories taxed the companies considerably less this half year than last. The number of fires is only five less for the entire Coast. There were few large fires this year.

During the past five years the losses for the last half year have been as follows, as reported to the COAST REVIEW:

Last half 1882.....	\$1,450,000
" " 1883.....	1,468,000
" " 1884.....	1,563,000
" " 1885.....	1,485,000
" " 1886.....	1,794,000

Basing an estimate on the experience of the companies in the latter halves of these years, we may venture the probable loss for the entire Coast at the liberal estimate of \$2,900,000 or \$3,000,000. The premium income will be in the neighborhood of \$8,000,000. We therefore estimate the av-

erage loss ratio on this Coast for 1887 at less than 40 per cent. A year ago we "guessed" the average loss ratio at "about 50 per cent." Six months later the official figures showed an average loss ratio of 51 per cent.

### A Special from Portland.

PORTLAND, OR., July 7, 1887.

Editor Coast Review:

The new Columbia Fire and Marine Insurance Company issued its first policy today. There has been much speculation as to whether it and the reorganized Northwest Fire and Marine Insurance Company would enter the compact and maintain fair rates. All doubts have been set at rest by the definite announcement that neither company will join the Union—for a time at least. This resolution is very disappointing, for it necessitates a restoration, to some extent, of the ante-compact rate-cutting state of business. To meet the unrestricted competition of the new non-Union companies, the compact now grants "reliefs" to write under regular rates. M.

### CHESTNUTS.

A woman is the general agent of a life company operating in Canada.

It was a French servant, according to a Paris paper, who thought it useless to throw *hot* water on an incipient blaze.

Nine hundred and sixty-nine ice-houses were burned in the United States during the past twelve years.

There were 185 boiler explosions in the United States in 1886, by which 251 persons were killed and 314 injured.

The New England Mutual Life Insurance Company is suing its former agent at New Orleans, M. C. Randall, to recover \$37,000. The defendant collected in cash the premiums on certain policies, retained the cash, and reported to the company that the policyholders had availed themselves of the privilege of giving notes for the premiums.

Governor Hill, of New York, has signed the bill repealing the law imposing a tax on life insurance companies.

Atchison, Kansas, is temporarily without a fire department, owing to the emptiness of the city treasury.

The new Massachusetts insurance law prohibits the allowing of rebates or discounts to those insuring their lives, under a penalty not to exceed \$500. This is due to the Life Underwriters' Association of Boston and the recommendation of Mr. Tarbox. It's a splendid idea, but the trouble is there are about a million ways of evading this law, and the smart insurance agents will find them all out. Agents may watch each other, however, and there will be a great deal of "you did" and "I didn't" in the business in future.—*Record*.

A New York paper tells a story of a general agent who received this telegram: "Don't settle Himmeberger's loss till you see my daughter Unetta." Payment of the loss was postponed until Unetta could be seen and the expected evidence of arson secured. "Now, my good girl," said the general agent, with a seductive smile, "tell me all you know about this loss." "Vell," said the fair Unetta, "all I know ish dot Mr. Himmelberger owes me \$18 for vork, und I wants you to stop it out of his mon-ish!" Tableau! The general agent was out railway fare for 600 miles, hotel bill and cab hire for Unetta's valuable information.

In the case of the Travelers Insurance Company v. Catharine L. Edward, the United States Supreme Court has ruled that though the proofs of death were not served within the time stated in the policy, the policy was not voided, because the delay was due to the action of the local agent, and when the proofs were received after the expiration of sixty days, they were returned without objection by the company. It also held that where the notice of death is required by the policy to be in writing, a verbal notice is sufficient where the local agent informs the policyholders that he will see that the proper notice is given, and afterwards gives verbal notice to the officers of the company.

The Odd Fellows' Benevolent Society of Chicago is winding up. The secretary said, in a printed notice to members, that the membership was "dropping out rapidly."

The Governor of New Hampshire recommends that the laws be so amended that it shall be the duty of the assessors in valuing property for the purpose of taxation, to value buildings and the land on which they are located separately, and that the limit of the insurer's liability, when there is a total loss, shall not exceed three-quarters of the assessors' valuation, except by special agreement between the insurer and insured.

The first half of the year 1887 promises to be anything but pleasant for the fire underwriters of the United States. An officer of a prominent company informs us that his company's losses for the first five months of the year are, in number, one-fourth greater than for the corresponding period last year. The excess in amount of loss is not so great as that, but we think there is no doubt but the losses throughout the country are much greater than in 1886. To be sure, 1886 was a good year for fire insurance, and the last six months of this year may improve the situation somewhat. — *Weekly Underwriter*.

Here is a verbatim copy of an advertisement in the *Albany Sunday Free Press*:—"It is a mean thing for you to go up to heaven, while they go to the poor-house. You, at death, move into a mansion, river front, and your family move into two rooms on the fourth story of a tenement house in a back street. When they are out at the elbows and the knees, the thought of your splendid robe in heaven will not keep them warm. The minister may preach a splendid sermon over your remains, and the quartette may sing like four angels in the organ loft, but your death will be a swindle. You had the means to provide for the comfort of your household when you left it, and you wickedly neglected it. And you will find the means at the Albany Agency Mutual Life Insurance Company of New York, at No. 8, Tweddle Building, while you have health."

## NOTES.

The *N. Y. Spectator* of June 9th prints, without a word of credit, an article entitled "Petroleum Accidents in Germany," copied from the *Insurance Spectator* of London. One exchange has already given the robber undue credit.

A somewhat superficial examination of the subject leaves us under the displeasing impression that the uproar provoked by the *Weekly Underwriter's* trade-profit tables had its origin in spleeny jealousy.

An admiralty court recently decided that one who voluntarily goes to the assistance of a vessel in distress with the intent and hope of aiding her, but who fails to arrive until his assistance has ceased to be necessary, is not entitled to compensation as a salvor, nor is his status altered by reason of the circumstance that he participated in the efforts to save the vessel if at the time of arrival his assistance was not required.

Fire insurance in Russia ought to be in a flourishing condition. Recently the Nihilists, or more common incendiaries, threatened to fire a number of villas in the suburbs of St. Petersburg, and they executed their threats to the letter. One morning twelve villas were found to be on fire, and before the flames were extinguished as many more villas, a mile away, were discovered to be ablaze. Altogether seventy-two villas were burned and several persons perished in the flames. The total damage is estimated at 2,000,000 rubles.

It is a well-established point in law that the members of assessment societies are responsible for all dues and losses accruing before their delinquency, forfeiture or withdrawal; and it may yet be established that the withdrawing members are liable for all losses accruing at any time by the death of members who were fellow-members in good standing at the time of the withdrawal of the shirkers. In ordinary partnerships, one partner cannot shirk his legal obligations by simply withdrawing or ignoring partnership relations; and what is a co-op-

erative insurance association but a larger partnership with equal obligations? One of the obligations assumed by the co-operative member is that mutually made with his fellow-members, to pay his share of an assessment levied on the death of any one of them, not within any specified time, not so long as he chooses to do so, but so long as the corporation lasts. The member, by withdrawing, declines to enter into such contract with new members, but he is not thereby released from his contract with the old members.

G. S. Merrill succeeds the late Jno. K. Tarbox as Insurance Commissioner of Massachusetts. He knows nothing about insurance. He is director of a co-operative.

Those who argue that fire insurance promotes incendiarism have never reflected that one of the chief motives for incendiary fires is revenge—the destruction of the property of an enemy. So long as his enemy is insured, the incendiary-minded can inflict no loss upon him by firing his property. Incendiary fires were frequent in the early days when there was little or no insurance, and the only motive was revenge for real or fancied injuries inflicted by the property-owner.

Procrastination is not only a thief of time, but of energy, will and opportunity. The “putter-off” accomplishes little or nothing in life. He is always going to insure his life, but he never makes the application until suddenly he awakes to the disagreeable conviction that it is too late. If the procrastinator is a solicitor for life insurance, his pernicious habit permits golden opportunities to pass unimproved. He is fitted for no calling in life, and least of all, for a life solicitor.

The new co-operative law of Michigan exacts from the officers of the hat-passers a yearly detailed statement, under oath, showing receipts and an itemized account of all expenditures, salaries, certificates, insurance in force, losses paid, unpaid and resisted. The Commissioner is required to publish such annual statements in detail.

Under the new assessment law of Michigan, passed as the result of recent developments in “graveyard” insurance, two hundred eligible members, with insurance of at least \$1,000 each, are required as a condition of organization and license. The secretary and treasurer must give bonds of \$2,000, or more, each. An emergency fund equal to the maximum risk is provided for. The books of the association are subject to inspection by any member. The amount to be paid to the assured must be specified in the certificate, and failure to pay the same authorizes the Commissioner to begin proceedings to close up the concern.

The *Spectator* of London for June 15 contains an account of the finding of the Tribunal of the Seine in a suicide case. The court ruled that suicide is only possible in law when the suicide is intentional, and the additional finding is made that “this construction has long been supported by the almost unanimous practice of the courts.” The French court declared that a company “cannot be released from its engagements, except in a case in which the assured has attempted by a considered, intelligent and voluntary act to deprive the company of the normal chances of his life.”

The Michigan anti-compact law, which goes into effect next January, makes it illegal for companies or their agents to make any compact as to rates, under penalties of fine and imprisonment. All persons are prohibited from transacting any business for any company which “directly or indirectly” enters into any agreement as to rates in such State.

A conflagration which took place lately in a remote village of China, has destroyed one of the most remarkable literary and artistic museums in the world. The edifice in question was the ancestral home of the family of Confucius, built centuries ago near Loo, in the Province of Shan-Tung. In this building, generation after generation, the male heirs of the great Chinese teacher have dwelt in an unbroken line for 2,500 years, bearing the title of duke.

## FIRES.

The fires for the first six months of 1886 and 1887, as reported to the COAST REVIEW, were as follows:

	1886.	1887.
January.....	\$106,924	\$114,809
February.....	94,497	62,765
March.....	122,611	162,960
April.....	382,879	100,299
May.....	244,420	235,735
June.....	557,990	189,309
Totals.....	\$1,509,321	\$865,877

## California.

June 22, Santa Clara county, dwelling: American Central.....	\$1,000
June 16, Sacramento, jewelry, etc.: Caledonian.....	\$258
London & Lancashire.....	258
Union, S. F.....	570
Fire Ins. Ass'n, London.....	855
Liverpool & London & Globe.....	1,425
Home Mutual.....	1,425
June 18, Sacramento, furniture and fixtures: Prussian National.....	\$728
June 21, Sacramento, carpet-beating machinery: Scottish Union.....	\$500
Liverpool & London & Globe.....	250
Caledonian.....	350
June 25, Butte county, dwelling: American Central.....	\$1,936
June 24, Los Angeles, frame building and contents: North German.....	\$1,128
Svea.....	604
June 2, Petaluma, dwelling: Commercial Union.....	\$145
North British & Mercantile.....	247
June 22, Benicia, barn: Southern California.....	\$500
Sun, S. F.....	200
June 24, Colusa county, farming implements: Phenix, Brooklyn.....	\$150
June 21, San Jose: Sun, S. F.....	\$200
June 4, Nevada City, dwelling and furniture: Union, S. F.....	\$900
May 4, San Jose, general fire: Anglo-Nevada.....	\$1,200
May 17, Nevada county, lumber: Anglo-Nevada.....	\$1,000
June 7, Hollister, frame hotel, etc.: London & Lancashire.....	\$1,526
Manchester.....	1,526
Lion.....	475
June 10, Oakland, dwelling: Union, S. F.....	\$600
June 23, near Modesto, dwelling: American Central.....	\$1,000
June 28, Merced, dwelling furniture: Washington.....	\$475
June 15, Alila, stock: California.....	\$1,500

June 20, Chico, frame store, building and contents:

Liverpool & London & Globe.....	\$400
June 13, Chico, dwelling and furniture: Commercial Union.....	\$300
Anglo-Nevada.....	190
June 28, Santa Clara county, barn: Sun, S. F.....	\$1,250
Boston Underwriters.....	1,250
June 29, Santa Clara county, grain in field: Commercial Union.....	\$350
May 2, Los Angeles, boarding house: Anglo-Nevada.....	\$3,000
June 27, Vacaville, frame barn: Agricultural.....	\$300
June 8, Healdsburg, frame private stable: Oakland Home.....	\$150
May 21, Antioch, frame dwelling: Commercial.....	\$392
June 8, Tuolumne county, frame barn: California.....	\$1,000
June 12, Visalia, frame dwelling: Caledonian.....	\$400
June 28, Bakersfield, dwelling: German-American.....	\$1,000
June 17, Los Angeles, general fire: Imperial.....	\$1,238
Orient.....	312
Washington.....	175
City of London.....	781
North British & Mercantile.....	521
Liverpool & London & Globe.....	964
Commercial.....	323
London, Northern & Queen.....	1,114
South British.....	781
State Investment.....	405
Anglo-Nevada.....	270
Etna.....	133
Scottish Union.....	150
Total.....	\$7,166
June 25, Los Angeles, frame factory: Liverpool & London & Globe.....	\$434
June 14, near Sacramento, barn: Home Mutual.....	\$250
May 24, San Jose: British America.....	\$529
June 28, near Fresno, frame dwelling: Scottish Union.....	\$400
June 16, Suisun, barn: Home Mutual.....	\$500
June 13, Fresno, dwelling: Oakland Home.....	\$900
June 29, Fairfield, frame dwelling: Phenix, Brooklyn.....	\$194
June 26, Merced, frame dwelling: California.....	\$500
June 20, Chico, general merchandise: Etna.....	\$316
June 7, San Joaquin county, dwelling and furniture: Ins. Co. of North America.....	\$1,350
June 10, Eagleville, boarding house: Etna.....	\$314

**California.**

June 4, Yuba county, dwelling:		June 7, Los Angeles, merchandise:	
American Central.....	\$350	London & Lancashire .....	\$391
June 28, Santa Clara county, grain in field:		Manchester .....	391
Four companies .....	\$350	June 37, Selma, frame dwelling:	
June —, Weaverville, dwelling and furniture:		Phenix, Brooklyn.....	\$250
Home & Phenix.....	\$175	Small unreported losses.....	\$6,300
South British.....	500	Total, California (S. F. excepted)....	\$84,981
June 27, Redding, frame dwelling;		June 2, San Francisco, frame buildings:	
Oakland Home .....	\$200	City of London.....	\$602
Phenix, Brooklyn.....	2,661	Commercial Union.....	580
Pennsylvania.....	1,237	June 3, San Francisco, livery stable, carriages,	
June 19, Oakland, dwelling furniture:		etc.	
Scottish Union .....	\$2,000	Orient.....	\$300
June 27, Newark, general merchandise:		National, Ireland.....	1,000
Home Mutual.....	\$900	Atlas.....	1,000
Phenix, Brooklyn.....	1,350	June 23, San Francisco, statuary:	
London & Lancashire.....	1,475	North British & Mercantile.....	\$420
Manchester.....	975	German-American.....	280
June 15, Etta, frame dwelling:		Boston Underwriters.....	300
Oakland Home.....	\$970	June 19, San Francisco, cigar store:	
June 7, San Luis Obispo county, frame dwelling:		Anglo-Nevada .....	\$622
Phenix.....	\$1,000	June 28, San Francisco, frame buildings:	
June 22, San Joaquin county, grain in field:		Union, San Francisco.....	\$1,000
Fire Ins. Ass'n, London.....	\$380	June 27, San Francisco, hay:	
June 28, Bakersfield, church:		South British.....	\$500
Firemans Fund.....	\$850	June 28, San Francisco, dwellings:	
June 1, Stockton, wine cellar:		Connecticut.....	\$450
State Investment.....	\$1,423	June 8, San Francisco, wearing apparel:	
June 7, Willows, dwelling:		Union, San Francisco.....	\$425
Springfield.....	\$500	June 24, San Francisco, millinery:	
German, Ill.....	400	London & Lancashire.....	\$144
June 14, Oakland, horses and wagon:		June 18, San Francisco, frame dwelling and	
State Investment.....	\$260	furniture:	
June 2, Willows, warehoused merchandise;		Continental.....	\$525
Connecticut.....	\$540	Liverpool & London & Globe.....	473
June 27, San Joaquin county, hay-press:		June 3, San Francisco, cigar factory:	
Springfield.....	\$250	British America.....	\$245
June 6, Nevada county, frame saloon:		National, Ireland.....	500
Liverpool & London & Globe.....	\$1,890	June 2, San Francisco, frame store buildings:	
June 18, Oakland, frame dwelling:		Providence Washington.....	\$130
Fire Ins. Ass'n, London.....	\$5,000	June 6, San Francisco, brick building and con-	
Howard.....	2,000	tents:	
June 10, Lakeport, hotel:		Commercial Union.....	\$166
Home & Phenix.....	\$995	Continental.....	432
Western Toronto.....	312	Sun Fire.....	529
Phenix, London.....	312	North British & Mercantile.....	166
June 28, Humboldt county, frame dwelling:		Guardian.....	529
Phenix, Brooklyn.....	\$1,000	Southern California.....	1,050
June 10, near Marysville, dwelling:		American Central.....	1,587
State Investment.....	\$745	Home Mutual.....	166
June 19, Nevada county, frame barn:		Imperial, and London & Northern & Queen	166
Phenix, Brooklyn .....	\$421	Guardian.....	166
June 13, Nevada City, stock:		Fire Association, London.....	166
Firemans Fund.....	\$400	Anglo-Nevada.....	166
June 29, near Wheatland, dwelling:		Total.....	\$5,289
Connecticut.....	\$1,250	June 2, San Francisco, saloon stock:	
June —, Fresno county, frame fence:		South British.....	\$135
Firemans Fund.....	\$100	June 3, San Francisco, stock of clothing:	
June 24, Colton, frame dwelling:		South British.....	\$602
London & Lancashire.....	\$500		
June 2, Placer county frame dwelling:			
Phenix, Brooklyn.....	\$718		

June 3, San Francisco, frame stores:	
Oakland Home.....	\$290
June 24, San Francisco, frame dwelling:	
Continental.....	\$525
June 24, San Francisco, public hall:	
Prussian National.....	\$500
Small unreported losses.....	\$1,300
Total, San Francisco.....	\$18,137
Total California.....	103,118

**Montana.**

June 27, Butte City, general merchandise:	
North British & Mercantile.....	\$500
National, Hartford.....	500
Home.....	500
June 8, Butte City, groceries and furniture:	
Western Toronto.....	\$1,000
June 26, Miles City, lumber yard:	
Ætna.....	\$2,000
June —, Maiden, brewery:	
Anglo-Nevada.....	\$600

**Arizona.**

June 8, Tucson, adobe dwelling:	
Commercial.....	\$835

**Washington.**

June 24, Dayton, general fire:	
Firemans Fund.....	\$1,934
National, New York.....	500
South British.....	1,500
Germania.....	500
Imperial.....	250
Hamburg-Magdeburg.....	500
London, Northern & Queen.....	4,350
Ætna.....	2,011
Connecticut.....	900
American, Philadelphia.....	840
Hartford.....	750
Liverpool & London & Globe.....	1,000
New Zealand.....	1,500
Commercial Union.....	560
Royal, Norwich Union & Lancashire.....	2,400
Home & Phoenix.....	700
Scottish Union.....	250
National, Hartford.....	1,200
North British & Mercantile.....	1,000
Phoenix, London.....	500
Lion.....	840
Orient.....	840
Sun, San Francisco.....	500
Boston Underwriters.....	200
Williamsburgh City.....	300
Continental.....	1,000
Oregon.....	5,500
Total.....	\$31,825

June 14, near Tacoma, saw-mill:

State Investment.....	\$400
London & Lancashire.....	800
California.....	500
Union, New York.....	500
Svea.....	400
Continental.....	800

June 22, Waitsburgh, frame barn:	
Liverpool & London & Globe.....	\$362
June 26, Pullman, general fire:	
National of Ireland.....	\$2,150
Southern California.....	1,000
German - American.....	4,200
North British & Mercantile.....	1,700
Home Mutual.....	450
Liverpool & London & Globe.....	5,200
Fire Association.....	1,250
London & Lancashire.....	700
London, Northern & Queen.....	1,500
Connecticut.....	3,000
Firemans Fund.....	3,100
National, New York.....	2,050
Oregon.....	7,500
Firemens, Newark.....	1,125
Continental.....	1,650

Total.....\$36,575

June 14, Walla Walla, frame building and furniture:

Orient.....	\$200
Insurance Co. of North America.....	700

June 6, Port Townsend, frame building:

Ætna.....	\$175
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June 3, Seattle, steamer:

Six Companies.....	\$500
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Total, Washington.....\$72,937

**Nevada.**

June 27, Carson, stable:	
Union, San Francisco.....	\$400
June 4, Mound House, frame building:	
California.....	\$500

**Oregon.**

June 20, Portland, dwelling:	
North British & Mercantile.....	\$150
June 25, Louisville, general merchandise and building:	
Home Mutual.....	\$3,000
New Zealand.....	1,500
June 7, Salem, barn and contents:	
North British & Mercantile.....	\$250
June 1, Wasco, dwelling and contents:	
New Zealand.....	\$700
June 4, Portland, dwelling and saloon:	
Home Mutual.....	\$500
Hamburg-Bremen.....	125
June 9, Portland, brick building:	
Phoenix, London.....	\$194
Total Oregon.....	\$6,419
Grand total.....	\$189,309

A fire happened in a Massachusetts woolen mill in a most remarkable way. Two shuttles in a flannel loom got out of adjustment and the metal points struck each other so exactly on the end as to cause a spark that set fire to the warp.

### LOCAL MELANGE.

#### An Incendiary Claimant.

J. F. Riese, a San Diego cabinet-maker and furniture dealer, was burned out on the 23d of May. The fire originated on his premises. The insurance was \$1,000, and a loss in excess thereof was claimed by Riese. The adjustment disclosed a probable loss of \$500. It was suspected that the fire was incendiary in its origin, and further investigation amply confirmed the suspicion. Under Sheriff Murphy found many articles belonging to an upholsterer's and furniture dealer's stock in the dwelling of Riese, and among them valuable articles alleged to have been burned. After the discovery of his rascality, Riese went to the office of the City of London, in San Diego, and demanded the insurance money of Adjuster Meade, with the alternative of instant death. The enraged claimant then assaulted Meade, but found he had tackled the wrong man. The cabinet-maker was sure of it when he measured his length on the sidewalk outside. Riese has been arrested on the charge of arson and threats to kill.

#### City of London.

The sixth annual general meeting of the City of London Fire Ins. Co. was held in London on June 15. The result of the year's business, as shown by the directors' report, while not very satisfactory, was at least not discouraging. The assets were preserved intact, and the working expense ratio was reduced to 30 per cent., which is below the average for purely fire companies. The loss ratio of 70.8 per cent. left no profit on the year's transactions, but the investments of the company's assets enabled the directors to declare a fair dividend on its million of capital. We may add, incidentally, two more interesting facts, namely: the City of London has \$746,186 assets and \$355,608 net surplus, and does a good business on the Pacific Coast under the management of W. J. Callingham.

#### National of New Zealand.

A committee of shareholders of the National F. & M. Ins. Co. of New Zealand,

last April, asked the directors to refund a portion of their investment. While a lack of dividends was the ostensible reason for this singular petition, the real reason appears to have been serious losses in other ventures. The request was very properly refused. Good faith to policyholders forbade such an unbusinesslike concession; for all existing contracts of insurance were made with a guarantee of the paid-up capital and accumulated assets as security. The petitioners also very inconsistently asked for a withdrawal from all foreign or non-colonial countries, the inconsistency being the fact that the company's home experience was not better than its experience abroad last year. This petition was likewise unsuccessful. The prospects of the company in non-colonial fields are much improved.

#### The Liberty.

Rolla V. Watt, general agent of the American Central, Amazon and Pacific, has been appointed general agent for the new Liberty Fire Insurance Co. of New York.

#### First Coast Insurance Journal.

General Agent John Landers has shown us a copy of *The Monthly Investigator*, a four-column folio printed at Portland, Oregon, in February, 1868. It is Vol. I, No. 1, and is devoted to life insurance. C. P. Ferry, then the general agent of the Manhattan Life for Oregon and Washington, was the editor and publisher. The advertisements present a great variety of industries and merchandise. The *Investigator* was the first insurance journal on this Coast.

#### The Hight of Nonsense.

The spelling of "hight" with an "e" is a practice as silly as it is universal. The writer always drops the superfluous vowel, spelling the word as it was originally spelled, and as it should be spelled according to analogy; but the COAST REVIEW printers and proof-readers, and pretty much all printers and proof-readers, know better. They are accustomed to that useless "e," and the old stereotyped dictionaries say that "height" is the preferred way; and so

the writer hereof groans in spirit when he has occasion to write "hight," for he anticipates the distortion of the word in print. High and hight are both derived from the A. S. *leah*, etc. As the "e" is always omitted from the former word, consistency as well as pronunciation requires its omission from the latter. As "the dictionary" also authorizes the spelling of the word without the "e," dictionary slaves may properly and safely spell the word in a sensible way. How would similar words appear if similarly spelled? "Meight is reight," for example?

#### In Reply to an Inquiry.

There are three recognized organs or quasi-organs of assessment insurance in the United States: the *Guardian* of Boston, and the *Commercial Magazine* and *Spectator* of New York. The first is the best.

#### No Rehearing.

A petition for a rehearing in the case of *Hegard v. The California Insurance Co.*, was rejected by the Supreme Court last month, on the following grounds: That the Constitution does not provide for a rehearing of causes decided in bank, and the statute (C. C. P., Sec. 45) expressly provides that "Every judgment of the Court in bank shall be final, except in cases in which no previous judgment has been rendered in one of the Departments," etc. Whatever may be the inherent right of the Court independent of statutory provision to amend, alter, modify or set aside its judgments, it is clear that the right to petition for a rehearing should not be recognized in cases decided in Department and afterward in bank.

#### The Caledonian.

This octogenary Edinburgh company had a prosperous year in 1886, and paid handsome dividends of 21 per cent. on its \$450,000 cash capital. Material gains were made in assets, net surplus, premiums, and total income, and the loss ratio was a moderate one. The assets of the Caledonian are \$1,778,077, with the large net surplus of \$914,765, or over twice the capital. The surplus to policyholders is therefore \$1,364,765. The net premium income was

\$601,724. The business of the company is steadily increasing. Messrs. Balfour, Guthrie & Co. received \$57,312 in premiums for the company from the Pacific Coast business last year.

#### Employer's Liability Assurance Corporation.

This English accident insurance company was recently admitted to California. The United States agents are Endicott & Macomber of Boston, and the Pacific Coast agents are Okell & Woolley. The company has \$2,000,000 capital, and \$100,000 deposited with the New York Insurance Department.

#### Don't.

We have seen a good many don'ts going the rounds of our exchanges, but the most important ones have been omitted. They are: Don't fail to ask everybody to insure his property or his life, and don't neglect to make your remittances promptly.

#### Ah There!

The New York *Review* cribs "Co-operatives in a Decline" and other articles, from the May COAST REVIEW without credit. The new editor is careless.

#### We Object.

The Phoenix *Arizonian* gives an account of a big well sunk for the fire department, and congratulates the town upon the abundance of water wherewith to fight "the burning demon." We object to this innovation. "The fire fiend" is the proper phrase, and to it every newspaper reader is attached.

#### American Steam Boiler.

The American Steam Boiler Insurance Company of New York, represented by Conrad & Maxwell on this Coast, now has over \$700,000 assets, of which \$500,000 is paid-up capital. It was organized as recent as November 5, 1883, and its assets have been quadrupled already. The American's blanket policy pays all loss to buildings, machinery, stock, boilers, surrounding property, horses, wagons, and all other real and personal property; paying to the assured \$5,000 for death or total disability of any person or persons, or \$50 per week for

15 months for any person temporarily injured. The careful system of inspection diminishes the chances of explosion, and by improving the condition of boilers and engines the regular inspections often return all or much of the premium cost, in the shape of additional power with the same expenditure of fuel. The boilers, too, are made to last longer. The premium is really an expenditure for expert inspection, with insurance thrown in.

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Glad of It.

The galled jade winces! The *Spectator*, the champion plagiarist, was hurt by that little prodding we gave it last month. A sore spot was touched.

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#### Durability of California Buildings.

We print, this month, the decision of the Supreme Court of this State in the case of *Hegard v. California Ins. Co.*, filed June 14, 1887. This case was passed upon by the same court a year ago, and the decision was printed in this journal for July, 1886. The value of the building, which was erected in 1856, was fixed at \$1,200, and that value was accepted by the court, notwithstanding the fact that this thirty-year-old building could be rebuilt entirely new for \$1,264. That would be equivalent to a deterioration in value of only \$2.13 a year, for thirty years' exposure to the elements—thirty years of earthquakes, beating rains, scorching suns, and natural decay. At this rate of deterioration, thus officially recognized, and of course endorsed by the local agent—about one-sixth of one per cent. annually—a building will resist the elements and retain some value just six hundred years. California is a great State.

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#### Insurance Co. of Dakota.

The Insurance Company of Dakota (Sioux Falls) has been admitted to California, and A. Bretz appointed general agent. The statement filed with the Commissioner, dated April 12, 1887, shows assets to the amount of \$421,077.82, with liabilities in the sum of \$135,522.44, and a net surplus of \$85,555.38. The Insurance Commissioner of Minnesota examined the company on April 30, 1887—eighteen days after

the sworn statement was made—with the following result: Assets, \$305,303.53, with liabilities of \$58,643.40, and a net surplus of \$46,660.53. A foot-note by the Commissioner announces that these figures are on a cash basis. The items not admitted by the Minnesota official were a number of due bills for farm property premiums. Bretz, the newly-appointed agent, has always had a weakness for cheap and mutual insurance, and was a leading champion of the defunct California Farmers' Mutual.

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#### The Atlas.

The Atlas Assurance Company of London, represented in this field by Messrs. Newhall & Co., added to its assets and increased its premium income last year. The Atlas was organized in 1808. It has a paid up capital of \$720,000, and \$532,885 net surplus. Its gross fire assets are \$1,744,311.

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#### Helvetia Swiss.

The Helvetia Swiss Fire Insurance Co. of St. Gall, Switzerland, makes a remarkably good showing in its statement for the year ending December 31, 1886. The assets and net surplus were largely increased. The net results of the year's transactions was a net balance equal to 19 per cent. of the income, after paying 20 per cent. dividends on the \$400,000 cash capital. The loss ratio, always moderate, was the exceptionally low one of 40 per cent. The assets of the Helvetia Swiss are \$1,236,313, with \$754,286 surplus to policyholders. The premium income was \$537,072. Harry W. Syz, the general agent, transacts a handsome and profitable business for the company in this field.

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#### An Honest Claimant.

This claimant I speak of was a rare one. He had a fire, and claimed loss on some goods left by customers for repairs, on the ground that he was responsible, and would have to make the loss good. It was a small affair, and I compromised the case. Well, sir, some time after that, in fact, after I had retired from the fire insurance business—for you will remember, my company withdrew from the Coast and re-insured—

some time after that this man came in, and said: "I have settled with all my customers, and I find I have \$30 over; here it is; I wish to return it to you." I was so taken aback you could have knocked me down with a feather. What did I do? Why took it, of course. Well, yes; I kept it—you see, the company had retired from the Coast. He was the most honest man I ever met; and in these days an honest man is a novelty—you hear me?—*Knapsack*.

### Merely Personal.

J. D. MACPHERSON, Manager of the South British, has gone East.

WM. WOOD, United States Manager of the United Fire Reinsurance Co., is "doing" California.

E. B. HALDAN, of Butler & Haldan, is visiting Victoria, B. C., on a two weeks' vacation.

WM. MACDONALD returned last week from a three months' trip though the Pacific Northwest.

SECRETARY MILES, of the Southern California Insurance Company of Los Angeles, was in the city last month.

B. F. CLAYTON, of the firm of Clayton & Oliver of Portland, visited San Francisco last month.

J. H. RICHARDS, cashier with J. C. Jennings' agency, leaves for the States the 15th inst., to be absent about three months.

A. B. FORBES was called East last month by a telegram announcing the death of his daughter.

J. J. KENNEY, managing director of the Western Assurance Company of Toronto, is visiting California.

THIRD VICE-PRESIDENT EDWARD W. SCOTT, of the Equitable Life Assurance Society, spent a couple of weeks in the city last month.

SAMUEL CROSS, underwriter with the Thames & Mersey Marine Insurance Company of Liverpool, is the guest of W. G. Harrison, the Pacific Coast manager for the company.

C. P. FERRY, special with the Sun Co. of this city, has resigned his position and removed to Tacoma, W. T. For the present, Mr. Ferry has retired from the insurance business.

COL. C. MASON KINNE, special agent of the L. & L. & G. Ins. Co., has just returned from an extended trip through Oregon, Washington, and Idaho Territory. He says the twenty-mile gap in the California and Oregon railroad is but a pleasing episode in the travel to Portland from San Francisco, and so far as he is concerned, would rather walk it than to go by steamer. The Colonel apparently does not care for any water in his.

PRESIDENT D. J. STAPLES and Mrs. Staples returned about the middle of June from their trip East. During their absence they visited twenty-one States and Territories, and all the principal Eastern and Southern cities. This was the first pleasure vacation of any length which President Staples has taken since the organization of the Fireman's Fund Insurance Co. in 1863. The company has a large number of stockholders in Hartford, who tendered President Staples a reception during his visit to that city. The very satisfactory dividends paid by the company were gratefully acknowledged; and the officers and directors were formally thanked. A handsome album of views of Hartford, taken for the special purpose, was presented.

### Chips.

—No attention is given to anonymous communications received at this office.

—The Firemans Fund building was tastefully decorated with the national colors on the Fourth.

—G. G. Johnson, for ten years past the insurance agent at Hollister, has removed to Los Angeles, where he proposes to "catch on" to the boom. Messrs. Montgomery & Bradley succeed Mr. Johnson at Hollister.

—The California will soon furnish agencies with its "Record of a Quarter of a Century," being a compendium by agencies of loss payments for the first twenty-five years of its existence.

—A year ago we reported twenty-one grain-field fires for June. This year only two are reported.

—Rather "chestnuty" is the flavor of the *Coast Review* this month. The editor has been fishing, hence these shears—and a better number than usual.

—W. P. Thomas has been appointed Assistant Manager of the Pacific Coast Department of the South British F. & M. Ins. Co. C. P. Stringer, lately from New Zealand, is authorized to act and sign as Secretary.

—At a Post street fire on the evening of the 8th inst. the firemen were delayed by the thickly strung overhead wires. When the electric wire was severed with an axe a beautiful display of electricity followed, and the illumination continued until the circuit for that street was cut off.

—Myron T. Dusenbury, for many years paying teller in the Oakland Savings Bank, has resigned his position and gone into the insurance business. He takes the local agency for the California, Union of New Zealand, and Ætna of Hartford, formerly represented by J. H. Hopkins.

—A workman in a safe factory in this city lost an eye last month by an accident. An accident policy would have secured him handsome indemnity; but he had declined to take out such a policy, only a short time previous. He knew his work was safe employment.

—The World's Industrial Accident Association of Iowa paid a Texas claimant \$4.50—the entire benefit of one assessment. The number assessed was 326. The average yield from this assessment was less than a cent and a half per member. This is a good specimen of assessment accident insurance.

—A. J. Wetzlar, adjuster of fire losses, has fitted up a very handsome office at 106 Leidesdorff street in the Liverpool & London & Globe building. Mr. Wetzlar has arranged this office specially with the design of making it an adjusters' headquarters, and a cordial invitation is extended to his confreres to come in and "make themselves at home."

—Calvert Meade is the champion slogger of the City of London.

—The *Insurance Review* has a very attractive look, in its brand new dress.

—Lionel Rivers, for some years cashier in the Royal, Norwich Union & Lancashire office, has resigned his position and associated himself with J. W. Girvin & Co.

—The marine underwriters of San Francisco banqueted Samuel Cross of the Thames & Mersey Marine Ins. Co., at the Maison Riche, on Tuesday evening, June 28th. Wm. J. Sutton presided.

—Inquiry is made as to the Pacific Coast Hospital Association. Can any of our readers enlighten us? It is probably a hungry co-operative which welcomes every victim with hospitable hands.

—L. P. F. Waller, for several years with the Equitable Life agency on this Coast, has been commissioned by Vice-President Scott special traveling agent for the society, with authority to solicit risks in any State or Territory in the United States.

—The Pacific Coast agency of the United States Fire Insurance Company of New York has been transferred from D. L. Beck & Sons to Butler & Haldan. The United States Fire is one of the oldest and most conservative American companies.

—It is reported that all the underwriters of San Francisco fled the city during the Fourth of July holidays, except Charles Smith of the Liverpool & London & Globe and A. J. Wetzlar, both of whom slept at the Patrol house and counted the alarms.

—We print elsewhere a special telegram from our Portland correspondent, announcing the resolution of the Columbia and the Northwest to remain outside of the compact. Permission has therefor been given to members to write under rates.

—E. P. Farnsworth, who has just returned from adjusting losses at Pullman and Dayton, reports that the former was wholly destroyed. The town will be rebuilt at once, with a far better class of buildings. It is in the center of a very prosperous agricultural district.

—Simmons was acquitted of the crime of burning El Monte hotel.

—A \$30,000 fire in Los Angeles on the night of the Fourth is believed to have been incendiary. An attempt was made to fire the same building a month ago.

—The Globe Mutual Life Insurance Company of New York, for many years in the hands of a receiver, has just paid its fourth and final dividend of  $4\frac{1}{2}$  per cent, the Coast Review's share is 40 cents.

—The Grand Recorder of A. O. U. W. in this State receives an annual salary of \$3,500, and we don't know how many fees and perquisites besides. The G. R. is a warm advocate of assessment insurance.

—The San Francisco fire department and fire patrol were vigilant as usual on the Fourth. To their indefatigable industry and skill the city is largely indebted for its freedom from serious fires on that festival day.

—The Union Mutual Life Ins. Co. is issuing a new form of policy, styled the Seven Per Cent. Guaranteed Bonds. The face of the bond is payable, plus seven per cent. per annum, if the insured dies within 25 years, the time when the bond matures. If he survives that time he receives the face of the bond and all surplus accumulations.

—James M. Chalmers, son of Wm. L. C. Chalmers of the Fire Insurance Association, recently rescued a young lady who had fallen overboard from the steamer *General McDowell*. Young Chalmers leaped into the water without stopping to remove even his coat, and seized the young lady as she rose for the second time. It was a gallant act.

—The Grand Master Workman of the A. O. U. W., in this State, in his annual report, says: "The query has been made by very many recently: Why so many assessments?" His explanation is the excessive use of intoxicating drinks. The G. M. W. is wrong. His order contains no greater proportion of intemperate drinkers than other orders or business hat-passers. The excessive death rate which prompted the inquiry "by very many," as to its cause, was the natural and unavoidable result of an increase in the average age of the members.

—Westward the course of graveyard insurance takes its way. Massachusetts, Pennsylvania, Ohio and Michigan. It will be California's turn in time.

—Late advices from New Zealand are to the effect that the entire colony is being devastated by numerous and destructive fires. Business generally is bad, and many enterprises no longer pay dividends or have swallowed the capital invested. The insurance companies suffer both from the general commercial depression and from unusual fire losses. The relation between hard times and the fire loss ratio is intimate as usual.

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# THE COAST REVIEW

A MONTHLY JOURNAL

DEVOTED TO

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J. G. EDWARDS, PROPRIETOR,

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Correspondence invited. Write on one side of paper only. Be specially careful with names and dates.

Our readers are requested to send us court decisions and newspaper clippings relating to underwriting interests.

Communications, new advertisements and changes in old advertisements should be handed in before the 1st of the month, or as soon after the 1st as possible.

The COAST REVIEW will be mailed about the 8th of the month.

Advertising rates made known on application.

## IN THE COURTS.

An English company, the Midland Counties, defended on the ground that the claimant did not deliver the particulars of his loss within fifteen days, as required, and "for a wonder" the jury found for the defendant.

The U. S. Supreme Court, as well as many lower courts, has ruled that the limitation during which action may begin does not begin at the date of the fire, but at the time when the right to sue accrues. In other words, the "loss" does not occur at the date of the fire, but when it is payable. This point, as we have before said, is a well settled one.

The insured, one Crist was a felon and a fugitive from justice. Shortly before his flight to Canada he took out a \$5,000 accident policy in the Fidelity & Casualty Company. He was run over by a train and killed. The circumstances clearly indicated suicide, which vitiated the policy. Payment was therefore refused. A jury returned a verdict for the beneficiary, Crist's granddaughter, and the New York Supreme Court has just affirmed this verdict of accidental death. Apparently, the accident

companies may as well prepare to pay all suicide claims. The United States Supreme Court, in *Crandall v. Ac. Ins. Co. of N. A.*, has held that suicide while insane is an accident, and all juries and courts will accept the act of suicide as a sufficient evidence of insanity. It is, moreover, often difficult to conclusively show, at least to the satisfaction of a jury, that the suicide was not the result of an accident.

The New Hampshire Supreme Court has decided in an action on a certificate in which the plaintiff is entitled to the amount of one assessment, not exceeding \$5,000, that he or she can recover nominal damages only, in the absence of evidence of the amount of one assessment.

An application for life insurance and the policy issued thereon both provided that the policy should not be in force until "signed by the officers of the association and delivered to the applicant." The policy was made out after the applicant's death, and, in ignorance thereof, delivered at the place where he had resided. It was held that the policy was void.

A French upper court has just decided that the word "abordage" means exclusively the running foul of two vessels, and therefore that a policy insuring the holder against loss by "abordage" does not entitle him to a claim upon a company should his vessel be damaged by striking against a jetty, wreckage, or other similar obstacle.

The wildcat Pelican of New Orleans recently declined to pay a loss, on the ground of notice of cancellation to the broker. Plaintiffs testified that they never received such notice until the loss was being adjusted, and that the company had not returned nor had it offered to return the unearned premium. The court ruled that it is one thing to procure a policy, and quite another to represent a party in the cancellation of the contract. The agent or broker who procures the application does not remain the agent of the insured. This point was definitely settled in the case of *Grace v. American Central Ins. Co.* We wonder

whether our New Orleans contemporary, the *Vindicator*, still champions the Pelican? The company needs a vindicator.

In the case of the National Benefit Association *v. Bowman*, Ind. S. C., reported in the *Insurance Law Journal* for June, the certificate provided that no claim should be made for any injury while engaged in or in consequence of any criminal act. The defense was that plaintiff was injured in a public highway while in a state of intoxication, which is a criminal act under the statute of Indiana. It was held that the defense was bad because it showed no causative connection between his intoxication and the injury.

Where a person obtains a policy on his life of his own accord, and pays the premium himself, he may, if he desires, make the policy payable to one who has no insurable interest in his life.

The Supreme Court of Pennsylvania held, in the case of the Keystone Mutual Benefit Association *v. Norris*, that a policy issued by a prearranged plan to one who assigned it to a third person having no insurable interest in the insured, the latter paying all the premiums, was void, notwithstanding that the person to whom the policy was issued had such an interest.

A stock of goods was burned by a fire which at the same time destroyed the books and most of the papers of the person owning the goods. In an action upon an insurance policy to recover the value of goods, the trial court admitted, as evidence bearing upon the value of the goods, an inventory made by the seller of goods, assisted by the plaintiff, ten months before the fire, showing the prices then paid for the class of goods embraced therein. The New York Court of Appeals held (*Ellsworth et al. v. Aetna Insurance Company*) that this evidence was properly admitted.

The Indiana Insurance Department does not think it necessary to examine a company when the officers are known. What a delightful rule for the co-operatives.

## Digest of Recent Insurance Decisions.

### Fire.

Guest v. N. H. Ins. Co.; Mich. S. C.

**INCUMBRANCE.**—Failure of the insured to mention incumbrances on the insured property, if not inquired about, where the application for insurance is oral, and no deceit is practiced, will not vitiate the policy. When a policy is made voidable if the assured obtains further insurance without the written consent of the company endorsed thereon, subsequent insurance by a mortgagee will not avoid the policy.

Harrison v. Hartford F. Ins. Co.; U. S. C. C., Mo.

**REFORMATION OF POLICY.**—To obtain the reformation of a policy of insurance on the ground that a provision orally agreed upon has been omitted, it must be satisfactorily proved that before the policy was issued there was a distinct agreement that the policy should contain such provision, and that through inadvertence or mistake the stipulation was omitted. If the testimony is conflicting or of such undecisive character as to raise a substantial doubt in the minds of the Court, the contract as written must stand. When the policyholder deposited it with the agent of the insurer for safe-keeping, and afterwards asked such agent how long the premises might remain vacant without violating the policy, and was told thirty days, whereas in fact the policy provided that it should be void if the premises remained vacant for more than ten days, and a loss afterwards occurred, when the premises had been vacant for more than ten days, the assured made the party with whom he deposited the policy his own agent; his misstatement constitutes no ground for reforming the policy, and the insurer is not liable.

Swanson v. Sun Fire Office; Tex. S. C.

**CHANGE OF TITLE.**—The insured property was transferred, with the company's consent, to appellants as additional security for a debt, the debt being already secured by a deed of trust on the insured property. There was a subsequent transfer of the property to the wife of the mortgagee. Of this conveyance neither mortgagee nor company had notice. The defense was

that the policy was voided by the last transfer without consent. *Held*, That the mortgagees gave the company no consideration for its agreement to pay the insurance money to them in case it became due under the policy. The policy still continued as the contract between the original parties. The only effect of this assignment was to direct the insurers to pay the money, in case of loss, to the mortgagees instead of the insured. The mortgagee was still the insured, and the policy became forfeited in case its conditions were violated by him. The company waived nothing, but merely concerted that, in case the conditions were complied with, it would pay the money to the mortgagee. This being the contract of the company, the law will not make for it a different one. From these considerations it is obvious that any violation by the assured of any of the conditions of the policy is fatal to a recovery by the assignee. Judgment is therefore affirmed.

New Orleans Ins. Co. v. Gordon; Tex. S. C.

**CONVEYANCE OF PROPERTY.**—Before the issuance of the policy the insured deeded the property to obtain a loan. The reconveyance was not executed until after the fire. There was the usual provision voiding the policy in the event of conditional and divided ownership. The policy was assigned as a collateral security. *Held*, That the conveyance did not void the policy and did not require to be stated.

### Marine.

Bristol Nav. Co. v. Indemnity M. M. Ins. Co.; Eng. H. C. J.

**REPAIRS.**—On the expiration of the *Clifton's* passenger certificate she was employed solely for carrying cargo, and while loading a cargo of grain during the time covered by the policy, a fire broke out in the saloon deck which destroyed the whole of that portion of the vessel, but only slightly damaged the lower part. On her return to England for repairs, the space occupied by the saloon deck was made into a receptacle for cargo, hatches put in the main deck, and so on. The official referee found that the cost of reinstating the saloon deck, after making the usual deduction of one-third new for old, would have been more than

the cost of the repairs actually executed. He also found that the ship was obsolete for passenger traffic; that the vessel so altered was as valuable as before the fire; and that the sum required to reinstate the saloon, after deducting one-third, would exceed its value at the time of the fire. The question submitted to the Court was, whether the plaintiffs were entitled to recover the entire cost of restoring the saloon deck, or only the cost of converting the vessel as above mentioned.

*Held*, That the plaintiffs could not recover more than they had lost. In dealing with a new ship the cost of repairing might be the only measure of indemnity, but not in this case, for an allowance of one-third new for old must be made. There was no vested right of action for the cost of repairs on the expiration of the policy.

Cottam v. Mechanics and Traders Ins. Co.; U. S. Admiralty Court, N. O.

**WHEN THE RISK BEGINS.** — Policy covered "the adventure upon said goods and merchandise from and immediately following the loading thereof on board said vessel, and shall continue and endure until said goods and merchandise shall be safely landed." The question presented was, whether the loss, occurring before the goods were placed on board the vessel, was the loss within the terms of the policy. *Held*, If the insurer has placed on the policy a clear, definite time at which his risk is to begin, the courts cannot change the time on the ground that some other time would be more convenient in the interest of commerce, or more just and equitable to either one of the parties to the contract. *Held*, That the law does not fix the principles by which the insurance contract is to be controlled, as it fixes the contract of a lease or sale in the absence of contrary stipulations. In the insurance contract the law lays nearly all the conditions of the express stipulations to the parties.

It was contended by plaintiff that the risk began from the time that the goods were intended to be laden, and that the intent is shown by placing them in the hands of the carrier and obtaining a receipt. It was further said that the steamship

would not be responsible for this loss, because its bill of lading exempts it from liability for the loss of goods by fire; that the shipper could not be held responsible, because he had delivered the goods to the steamship; that the consignee could not be held responsible, because he had not yet received the goods; and therefore the defendant insurance company was necessarily liable. *Held*, That this reasoning loses sight of one of the maxims of the law, that the destruction of a thing is the loss of the owner. The person who should bear the loss of the thing occasioned by its destruction is the owner of the thing, and he is the only person to bear any loss unless by some agreement alliatory, or otherwise, the owner has succeeded in inducing some one else to take the risk. *Held*, That the defendant was not liable.

#### Life.

Conn. M. Life Ins. Co. v. Fisher; U. S. C. C.

**INSURABLE INTEREST.** — A assigned a policy upon his life to B in full satisfaction of a debt due the latter, and B assigned the policy to C to secure a debt which he owed him, and C assigned the debt secured by the policy to D, and after A's death B and D both claimed the proceeds of the policy, which the insurer paid into court, B claiming that neither C nor D had ever an insurable interest in A's life at the time of his death. *Held*, That as between the two claimants D was entitled to the funds.

Holly v. Metropolitan Life Ins. Co.; N. Y. C. A.

**FORFEITURE-PAID-UP POLICY.** — Policy provided that on failure to pay premiums it should become forfeited. It further provided that if, after three annual premiums were paid, the assured should fail to make further payments, then, upon surrender of the policy within thirty days after such default, the company would issue a paid-up policy for the amount of premiums paid. Plaintiff being unable to pay the premium, executed a note therefor, which stipulated for a forfeiture of all rights upon failure to pay the same when due. He failed to pay the note when due, and the company renewed it for two months; and when the renewal became due he again made default, but tendered the amount within ten days

thereafter, but the company refused to accept it, and declared a forfeiture of the policy. *Held*, That a forfeiture had accrued, and he was not entitled to the paid-up policy.

*Pingrey v. National Life Ins. Co.*: Mass. S. C.

**CHANGE OF BENEFICIARY.**—A policy was issued upon the life of A for the benefit of his mother. A was at the time unmarried. Afterward he married, and, without the consent of his mother, surrendered the policy, and took out a new one payable to his wife. The new policy recited that it was a continuance of the old one. Certain rights accrued to the beneficiary under the first policy after two annual premiums had been paid. *Held*, That the mother of A was entitled to the proceeds of the policy, the transfer having been made without her consent.

#### Assessment.

**INSURABLE INTEREST.**—A, an old woman, was living with her daughter and B, the father of her son-in-law. B had A's life insured, his only interest being, as stated in the application, "has kept her for a certain length of time, and promises to keep her as long as she lives." After the death of A her executor attempted to recover the amount of the policy from B, less the amount paid by him. The trial court refused to charge the jury as a matter of law that the insurance was speculative, and the Penn. S. C. held that this charge was not erroneous.

*Lamont v. Hotel Men's M. Ben. Ass.*: U. S. C. C., Ill.

**CHANGE OF BENEFICIARY.**—Insured, in his application, designated his daughter as his beneficiary. Eighteen months later he designated another as the beneficiary. The change was accepted by the board of directors. The daughter, after the death of the insured, claimed that the change was void and inoperative—that she acquired a vested right in the original benefit certificate. *Held*, That it was competent for the insured, with the consent of the association, at any time, without making a will, to transfer the benefit from the original beneficiary to any other person.

**BENEFICIARY.**—A designated B, from whom he had borrowed money, as the person to whom the benefits were to be paid. A died, leaving a widow and minor children. *Held*, That B was entitled to the benefit to the exclusion of A's widow; that, in the absence of any prohibitory or restrictive language in the charter denying to X the right to contract specially with the member for the payment of benefits to persons other than his widow or orphans, the designation of B was valid, and that such contract was not void by reason of necessary implication from the language of the charter.

**KNOWLEDGE OF COMPANY.**—A company which issues a certificate to a member upon the express condition that it shall be void if any of his answers in his application are untrue waives that condition, and is estopped to insist upon it, if it had actual knowledge that some of his answers were untrue, and subsequently recognized the certificate as valid by making and collecting assessments upon it.

#### Accident.

*Utter v. Travelers Ins. Co.*: Mich S. C.

The company resisted payment on the ground that the deceased some six months previous to applying for such insurance had deserted from the United States regular army where he was engaged as a musician; that he was hunted down by the government authorities and came to his death while engaged in or in consequence of an unlawful act, by seeking refuge in a house of ill-fame, and attempting to resist an arrest by an officer, when the latter shot him. The evidence showed that the arrest was attempted on information by telegram; that the officer was without warrant, and upon the resistance of the deceased he was shot, and instantly killed. The trial court found for the company. *Held*, That a person who is insured, having deserted from the army service, and is shot by a sheriff, who attempts to arrest him on information, it cannot be held a matter of law that he was engaged in an unlawful act within the meaning of a policy of accident insurance providing that "no claim shall be made

when the death or injury may have happened while engaged in, or in consequence of any unlawful act." Judgment reversed and remanded for a new trial.

### Liability of Railroad Companies for Fire Communicated from Locomotive Engine.

In the State of Connecticut a statute was passed in 1881 which provides that:

"Where any injury is done to a building or other property of any person or corporation by a fire communicated by a locomotive engine of any railroad corporation, without contributory negligence on the part of the person or corporation entitled to the care and possession of the property injured, the said railroad corporation shall be held responsible in damages to the extent of such injury to the person or corporation so injured, and any railroad corporation shall have an insurable interest in the property, for which it may be held responsible in damages, along its route, and may procure insurance thereon in its own behalf."

In *Grissel v. Housatonic R. R. Co.*, Supreme Court of Connecticut, 4 New England Reporter, 85, the plaintiff was the owner and possessor of land adjoining the defendant's railroad track in the town of New Milford, and certain of his fences, growing trees and herbage thereon were destroyed by fire communicated by defendant's locomotive engine. There was no contributory negligence on the part of the plaintiff, and he brought this suit to recover damages for the injury received, and obtained a verdict in the court below.

The Supreme Court held:

1. "It is a mistake to suppose that it necessarily transcends the limit of valid legislation, or violates the principle of a just equality before the law, if the one using extra hazardous materials or instrumentalities, which put in jeopardy his neighbor's property, is made to bear the risks and pay the loss thereby occasioned, if there is no fault on the part of the owner of the property, even though negligence on the part of the other party can not be proved. If the statute should make the owner of a vicious domestic animal liable for the damage it might occasion, without proof of *scienter*, or knowledge of its vicious propensity, as required by the com-

mon law, we do not think the act would be void. Such a statute would be only a new application of an ancient principle of the common law, that where one of two innocent persons must suffer from an act done, it is just that the loss should fall on the one who caused the loss rather than upon the one who had no agency in producing it, and could not by any means have avoided it.

2. "There is no force in the objection that the statute under consideration selects only railroad corporations to bear the burden of an extraordinary risk. It is confined to them because they alone have the privilege of taking a narrow strip of land from each owner, without his consent, along the route selected for the track, and of traversing the same at all hours of the day or night, and at all seasons, whether wet or dry, with locomotive engines that scatter fire along the margin of the land not taken, thereby subjecting all combustible property to an extraordinary hazard of loss, and that, too, for the sole profit of the company. The argument for the defendant is erroneous in assuming that the statute denies the defendant a good defense, which at common law all others would have under similar circumstances."

3. The words "buildings or other property," embrace fences, growing trees, herbage and the like. The rule that the particular word "buildings" being followed by the general words "other property," the latter only includes subjects of the same character as the former has often been recognized and applied, but we think its application to this case would work injustice and tend to defeat in part the object of the statute. The statute is clearly remedial, and ought to be construed liberally to effectuate the intention of the legislature, which was to give the owners of property along the route of the railroad indemnity for the loss of all property which might reasonably be said to be exposed to danger from the source referred to. And besides, the above maxim would be exceedingly difficult of application unless the words "other property" should be entirely rejected. The hay, grain, farming tools and

live stock in a barn, the goods in a store, the personal property in a house or factory, would hardly be *ejusdem generis* with a building; and can it be possible that the legislature intended only a partial indemnity for the building alone, overlooking the greater value of the property within and without?

4. The statute confers an insurable interest co-extensive with the property for which the railroad company may be responsible, and gives the right to obtain such insurance in its own name.

We don't know whether the Northwestern States, within whose borders such destructive forest fires annually take place through the agency of the locomotive engine, have any legislation upon the subject or not. If not, we would commend to them the example of the above statute and its interpretation. If railroad companies were held to a strict accountability for damages resulting from fires caused by sparks from locomotives, there can be no doubt that some more effectual means would soon be found by the railroad companies for guarding against the injury. Such a responsibility would act as a stimulant to the inventive genius of railroad men, and would certainly result in putting a stop to this useless and criminal destruction of forests, which are too rapidly disappearing before the natural demand for lumber in the uses of civilization.—*American Law Record*.

#### Report of the Mutual Reserve Fund.

"The following reports fully refute the many falsehoods prepared and circulated against the Mutual Reserve Fund Life Association by its enemies, and prove that this association is entitled to the fullest confidence of all its members and the public."! The above forms the introduction to the printed report of the Mutual Reserve Fund, which is now being freely circulated by the agents of the company; and no doubt the unsophisticated certificate holder on reading it, will feel a sense of satisfaction that such brave words can be used in this connection, whatever his feelings may be when he has read an impartial analysis

of the report. The president assures us that the natural premium system of his company has again "been tried as if by fire." Where did the poor soul get the idea that theirs was a natural premium system? The veriest tyro in life assurance knows that it does not, in the most remote manner, resemble a respectable natural premium system. He lovingly refers to the officers of the old liners as men "who are scattering their stolen and misused money to the four winds of heaven, in their vain endeavors to crush this one organization;" and, in the presence of the great and mighty men who are assembled in the company's office, free vent is given to the president's feelings. But it is in presenting figures that the great man specially shines. Of course, those present believed him, and everybody is expected to believe him. He says: "We close the year with \$1,590,000 of assets, nearly \$1,100,000 of which being in cash securities. Our cash tontine fund, as will be shown by our auditor's report, exceeds \$932,000, and there can be no doubt that within thirty days it will reach a round \$1,000,000. We enter the year with a surplus of more than \$1,210,000." This is the great man's strong point. He is an authority on figures or nothing, and does not the statement show a "net surplus" of \$1,210,793.55? It is a shame, we know, to doubt his conclusions; but we must look into the figures, and show how this surplus is made up. As we read the statement referred to, it is about as follows:

Assets (realized).....	\$1,586,493.55
Less assets we hope we may get.....	\$597,253.39
Less agents' balances.....	72,119.81
Less tontine liability, as per statement.....	932,000.00
Less admitted liabilities ...	375,700.00
	<hr/> 1,977,673.00
Surplus, as per E. B. Harper.....	\$1,210,793.55

We admire a man who can produce such results as these from the above figures. We give the figures as we find them in this report, having simply classified them and put them in their proper places. After a couple of paragraphs about "manufactured falsehoods," "false and malicious documents," "falsehoods," "ignorance of life

assurance," and other equally choice and amiable utterances about the life companies, Mr. Harper goes on to say: "Those wicked monopoly managers have done more than this; they have caused hundreds of thousands of pamphlets to be prepared, containing manufactured falsehoods, and have distributed these documents by the millions throughout the length and breadth of the country." Think of the malice of a "wicked monopoly manager," who would print a hundred thousand "manufactured falsehoods," and then go to work and distribute a million of them! Surely such men are not safe men to be trusted with the moneys of the widow and the orphan. He then asserts that the annual premium income of the level premium companies is \$62.03 per \$1,000 of insurance in force, while that of the Mutual Reserve is \$12.35 for each \$1,000 in force. It must not be forgotten, however, that in the case of the life companies there are included in these figures, besides interest on investments and rents, amounting in the whole to \$27,000,000, the premiums on all endowment policies, some of which range as high as \$100 per \$1,000, and provide for the payment of the policy at an early fixed date. There are also enormous single premiums paid for annuities and single payment life policies. These premiums also include medical fees, as well as commissions and other remuneration to agents, represented in the Mutual Reserve in the item of annual dues. There was also about \$30,000,000 returned in matured endowments, profits, &c., but this fact Mr. Harper has conveniently forgotten to mention.

He also forgets to say that about \$35,000,000 have been added to the reserves held in trust for the policyholders. He does this to establish his reputation for fairness and veracity. How is it with his pet company, the "Mutual Reserve?" However readily he may have forgotten the above particulars in connection with the hateful old liners, he certainly has forgotten nothing bearing on his own company's position. He states that the Mutual Reserve received an income of \$12.35 for each \$1,000 of insurance "*in force*." The italics

are ours, and it may be here that the little joker is to be found.

Let us again return to the statement: "Admission fees received at home office, \$455.83." How is this? We find that the average amount of the certificates of the Mutual Reserve is a little less than \$4,000. It will be fair, then, to take the admission fees on a \$4,000 certificate as the average, or say, \$4.50 per \$1,000. To be particular, the actual fees per \$1,000 are, on \$3,000 certificates, \$5 per \$1,000, and on \$5,000 certificates, \$4 per \$1,000; \$4.50 is, therefore, the proper figure. The company professes to have issued certificates covering \$57,050,500, which, at \$4.50 per \$1,000, gives us \$256,727.25 as the amount of admission fees. Of course, the president is an honorable man, and when he puts down the sum received at the head office on this account as \$452.83, he did not intend to leave the impression that there was no more than this collected; and yet he probably knows that the item represented by this little discrepancy of \$256,274.42 is charged against the old liners as part of their wicked expenditure. Then we find the item in the statement, "Annual dues, \$287,861.12, which we suppose must be correct, although it is less than we would have expected. "Oh, but," says Mr. Harper, "we didn't get that; our agents got it." Yes, Brother Harper, your agents got it; and, as you charged what the agents get against the old liners, we will charge what your agents got against you. Next item is medical fees, which do not appear in income at all; and yet, as we figure it, 14,574 examinations at \$3 each amount to \$43,722. That's no discrepancy; it isn't worth naming, "it is such a little one." Still, it is an item included in President Harper's charges against the old liners, and has a proper place here. How, then, does the account stand?

Discrepancy in amount of admission fees.....		\$255,274.42
Medical fees omitted.....		43,722.00
Total discrepancy, say.....		\$299,996.42

In Mr. Harper's complaint, that the comparison of his company with the Knights of Honor is unfair, he gives as a reason, that in the latter society the "items, admission

fees, medical fees, and annual dues are not reported to the supreme lodge by the local lodge, but only the mortuary premium; hence it will be seen at once that a statement which ignores the admission fees, the medical fees, and the annual dues of an organization does not contain the total payments made by its various members; and to compare a report of an organization with these items left out with the report of an organization which includes these items is a manifest injustice." So it is, Brother Harper; but what a set of noodles these men must have been, who, hearing you utter this plaintive wail, did not point out to you that the assumption that you did include all those items in your report was an impudent falsehood, and that it puts many statements you made at that meeting out of court as unworthy of belief. The utterances of President Harper, as to the comparison of expenses between the level premium companies and the Mutual Reserve, are also as untruthful and unreliable as those referring to his company's income, and therefore of no possible force or value. The report is a bundle of absurdities and assumptions.—*Finance Chronicle, Montreal.*

### Keep Your Temper.

Life insurance solicitors, when they meet, says *Rough Notes*, often engage, like other people, in telling stories, and some right good ones they tell, whether original or otherwise. Here is one we listened to recently that contains a moral worth remembering. The relator said:

"I was once engaged writing an application for insurance for the treasurer of one of the counties in Southern Ohio, his office being rather crowded with persons paying their taxes, among whom was a gentleman whom I knew to be a lawyer. This gentleman looking over the shoulders of the treasurer and myself, and seeing what we were engaged in doing said to the treasurer: 'John, you are not such a fool as to be insuring your life, are you?' To which he replied: 'I don't know anything about the fool part, but I am insuring my life.' The lawyer replied: 'Well, my opinion of insurance companies is that they are nothing but

swindling concerns, and those representing them are swindlers.'

"This kind of a statement was certainly calculated to arouse the old Adam in any one, and my first disposition was to answer him in kind; but after an instant's reflection I deemed that course inadvisable, and turning around on the swinging-office chair on which I was sitting, I said to the surrounding crowd, who evidently expected that a fight was on hand; 'Gentlemen, I never answer a fool according to his folly, and instead of doing so I will narrate you a story.'

"Once upon a time there was an eminent queen's counsel in London whose fame was so great that he used to be paid enormous fees for his services; but, being at the same time an arrant spendthrift, his money was generally gone prior to its being earned, by which I mean that he was always in debt. Quite suddenly this eminent lawyer died, and being in his usual impecunious condition, left absolutely nothing for his family, even to meet the funeral expenses. Members of the bar decided to make two collections—the first to defray his funeral expenses, and the second to render some support for the deceased's family. A committee was appointed, who first of all waited upon Lord Palmerston, whose name was on the rolls, although he had never practiced, and informed him of what had taken place, and, further, that to have a grand funeral would require each member of the bar to subscribe a shilling apiece. Lord Palmerston in his dry and inimitable way, said to the committee: 'Gentlemen, let us thoroughly understand ourselves. You want a shilling from me.' 'Yes, my lord.' 'And you tell me it is to bury a lawyer.' 'Yes, my lord.' Then, putting his hand in his pocket he said: 'Gentlemen here is a pound. Go and bury twenty of them.'

"This aroused such a roar of laughter at our legal friend in that treasurer's office that he slunk therefrom like a whipped cur, but had the mauhood the next day, on meeting me, to say: 'Young man, you treated me just as I deserved. Come to my office and you can write my application for \$10,000.'"

### Taxation of Gross Premiums in Pennsylvania.

The paragraphs following, under this caption, says Insurance Commissioner Foster, were written with the expectation that the revenue bill would become a law, and before the discovery of the fact that, owing to the omission of the signature of the president of the Senate, it could not receive the approval of the executive. This accident is very much to be regretted. The remarks on this subject are allowed to remain as originally written, because of the facts and figures contained therein, and because the legislature having agreed to the reduction of the tax on the gross premiums of insurance companies, and its intention having been defeated by an act of simple inadvertence, it is to be presumed that the error will be rectified as soon as possible, and the intention of the legislature carried into effect.

The new revenue law reduces the tax on the gross premiums of companies of other States and countries from three to one and a half per cent. Originally this tax was imposed, not only for revenue but for the protection of the companies of this State from the competition of foreign companies; but in time the home companies discovered that the tax was most oppressive to them, by reason of the effect of the retaliatory laws of other States which compelled our companies to pay the same tax as that exacted from their companies by this State. As our tax was much greater than that of other States having large insurance interests, the result was that the tax upon the premiums of other State companies became a tax upon Pennsylvania companies for the benefit of other States. Against this injustice the home companies have remonstrated for many years without avail, and this department has repeatedly demonstrated the inexpediency of taxing the gross premiums of other State companies at a greater rate than that imposed by the laws of the States in which our companies do the greater part of their business. This reduction brings our law nearer into harmony with the tax laws of the larger States. This measure of relief will be hailed with

satisfaction by the insurance interests of this and other States, and cannot fail to be beneficial to the insured. Our companies have never complained of taxation affecting other corporations equally, but when it is remembered that the tax on gross premiums is a tax of at least ten times its amount upon net profits, it becomes excessive and entirely out of proportion to that exacted from other corporations.

During the year 1886 the fire and marine companies of Pennsylvania received total premiums amounting to.....	\$11,962,969.99
From business in Pennsylvania .....	2,942,115.08
From business out of Pennsylvania..	9,020,254.91
In the same year the life companies of this State received premiums in Pennsylvania.....	2,105,840.88
Out of Pennsylvania.....	2,061,335.47

From which it appears that the premiums received by our fire and life companies from business out of this State in a single year amounted to the sum of \$11,081,590.38, and assuming that these premiums were taxed at the same rate as this State taxed the premiums of other State companies, the amount of tax paid to such States was \$332,447.71 for the year 1886. The effect of the reduction of the tax upon the premiums of foreign companies will be to reduce the retaliatory tax upon home companies by one-half.

As to the effect of this reduction upon the revenue of the Commonwealth, it may be stated that the total revenue derived from the tax of three per centum on fire and life premiums in 1886 amounted to \$374,022.13. It may be safely estimated that the tax of half this rate in 1887 will yield to the treasury \$200 000, which is about the same amount derived from the tax of three per cent. in the year 1880.

A miller's paper says: In China the incendiary is put between a couple of iron millstones and ground down, while the dogs lick up his remains as they did those of Jezebel in Samaria. Insurance men, with characteristic gall, will probably allege that the punishment was first put in practice on some miller who had burned his mill to get the insurance money.

## Exit the United Workmen Relief Society.

AN ANCIENT ORDER OF UNITED WORKMEN SOCIETY DIES FROM AN UNPRECEDENTED DEATH RATE—A FINAL ASSESSMENT OF TEN DOLLARS PER MEMBER TO PAY FORTY-SIX CLAIMS.

The United Workmen Relief Society, a branch of the Ancient Order of United Workmen, with headquarters at St. Louis, has found it necessary to go into voluntary liquidation, owing to an excessive demand for benefits. Heavy assessments have caused a stampede of the charitable brethren. The total unpaid claims are estimated at about \$15,000, and to meet these obligations a final assessment of \$10 per member has been levied. At the date of the dissolution of the society there were nearly 1,800 members; but who believes that all or any considerable portion of them will respond to this extraordinary assessment? Every member is in honor bound to pay the assessment; but the knowledge that it cannot or will not be collected by legal process, and that its payment will secure no future benefits and its non-payment will forfeit none, is a knowledge that will still the feeble promptings of honor in the heart of the average member. The Secretary of the society apprehends a general repudiation by the members, and he therefore makes a long and earnest appeal to their pride and honor. We fear it is a vain appeal. Similar appeals by other moribund fraternal societies (*vide* the Order of Mutual Companions) have always been unsuccessful. The fraternity of these "fraternal" insurance societies is a "barren reality."

When embarrassed, temporarily or fatally, it is the custom of co-operatives to delay assessments when claims come in too rapidly, in the hope that a very favorable death rate will enable the company to tide over present difficulties and indefinitely delay inevitable failure. This practice is dishonest, and it is especially unjust to those claimants with prior rights, whose interests are seriously jeopardized by such an accumulation of unpaid claims. The Secretary of the United Workmen Relief

Society, in the following letter, refers incidentally to this co-operative trick, which he properly characterizes as "unjust and dishonest:"

To the United Workmen Relief Society:

OFFICE OF THE SECRETARY,  
St. Louis, Mo., July 22, 1887.

BRETHREN:

It is with feelings of deep regret that I am compelled to announce that the excessive demand for benefits which we experienced in April is repeated this month in more than double measure, while the membership has steadily decreased, owing to the heavy assessments, until we have less than 1,800 members in good standing.

The assessments of the past two months fell far short of meeting the claims upon which they were levied, while the losses of the month of June brings the total unpaid claims up to about \$13,000.

Realizing the hardship which a continuation of these calls would visit upon the brethren, I refused, after July 8th, to issue any new certificates, and called the board of trustees together and suggested that the society go into voluntary liquidation, as it is unreasonable to expect the members to pay the number of assessments required to keep up with the calls for benefits.

And to prolong the existence of the society, under the present plan, by simply holding back the payments and levying only as many assessments as the members would likely pay, would be unjust and dishonest; but, instead, having learned by experience that the payment of all the benefits guaranteed by our certificates requires more assessments than the members will pay, it is but right and just that we cease to admit any new members and take proper steps toward the liquidation of all claims now proved up, and dissolve our present organization and re-organize the society under a safer plan. We can look back upon our record of three years with the knowledge that much good has been accomplished. The \$30,000 which we have disbursed has lightened the burdens of many a Workman or his widow and children. Now it only remains for each of us to stand firm, and show ourselves true Workmen by meeting the final assessments, which will enable us to acquit ourselves honorably, and leave no stain upon the A. O. U. W.

Then, after our obligations now existing are settled up, let us issue a call to the members to meet and re-organize with the sole object in view of furnishing to our members sick and accident benefits only. Our experience of three years has demonstrated the fact that to furnish \$10 weekly sick benefits would not require an assessment of more than \$1 per month, and the mistake of the society as now organized lies in the fact that the certificate guarantees more than can be paid without excessive assessments.

Fraternally yours, in C., H. and P.,  
W. F. BOHN, Secretary.

OFFICE OF THE  
UNITED WORKMEN RELIEF SOCIETY, }  
St. Louis, July 22, 1887.

To the Members of the United Workmen Relief Society: BROTHERS—At a meeting of the trustees held July 13, it was determined, in view of the unprecedented death rate and extraordinary number of sick benefit claims, that it would be neither right or expedient for the society to continue business under the present plan, but that justice demanded that its affairs be closed.

It was accordingly ordered that July 8th be fixed as the date of final cessation of business and beginning of liquidation prior to a re-organization as a purely Sick Benefit and Accident Society, without death or permanent disability benefits.

From the records of the society it appears that the following claims have been presented and are now unpaid, viz.:

[Here follows a list of 46 unpaid claims.]

The aggregate being:

11 Death claims.....	\$10,500 00
1 Death of wife.....	100 00
34 Disability claims.....	1,760 00
Total.....	\$12,360 00

It is estimated that on July 8th, \$2,500 of claims were matured but not presented.

To meet these obligations, a final assessment of ten dollars per member was ordered by the trustees, payable as follows: \$4 August 1st, \$3 September 1st, \$3 October 1st, 1887. If all members pay, the proceeds of the assessment will meet all obligations.

The membership of the society July 8th was 1,779. All claims now in the hands of the society will be docketed with the treasurer for payment, but all unrepresented claims which matured on or before July 8, 1887, must be presented, duly authenticated, to W. F. Bohn, Secretary, on or before August 15th, 1887, or they cannot be allowed. The net proceeds of the final assessment will be applied to all allowed claims, *pro rata*, and dividends will be paid as rapidly and as soon as possible.

Brothers, deeply as the trustees regret this issue of what promised to be a most popular and useful organization, they know that they have conscientiously performed all their duties, and have kept nothing back from the members. The members have at all times been given all information possessed by the officers, and the moment it became evident that no more business ought to be done, the books were closed and no additional certificates issued.

The history of the society is a creditable record. Its affairs have been managed faithfully, and if fortune was against its success the failure could by no possible means have been anticipated or prevented.

It remains now for us to complete our last duty; for us, as members, to pay the beneficiaries of deceased brothers the promised benefits, and to meet also the claims of those whom sickness has

laid low and then re-organize for the payment only of sick and accident benefits.

The highest and most honorable manhood demands that all brothers prove loyal and true to their fraternal pledges, and—even at great personal sacrifice—to make sure of the payment in full of all the obligations of the society.

It is unmanly and unbrotherly to shrink from this duty. Let us end our brief but not inglorious life as a society by the payment of all obligations, so that the record, when finally closed, may be stainless.

The widows and orphans of our deceased brothers appeal to you to make the pledge on which they have relied, and in which their beloved dead trusted, real—not an idle and worthless promise, light as the winds of summer.

The unfortunate sick of our number appeal to you to pay them their rightful claims, upon which they have relied when smitten by wasting disease.

In the name of fraternity, for the sake of honor and brotherhood, for the good report of beneficiary societies, for your own peace of mind and conscience, brothers, make the effort to meet this final call.

There must be no taint on our thus far honorable name.

Brothers, we have faith in your loyal aid at this time; let our confidence be justified by the result. By order of the trustees.

Faternally,

JOHN A. BROOKS,  
President.

W. F. BOHN,  
Secretary.

### Ancient Order of United Workmen.

ON THE DOWN GRADE IN CALIFORNIA—  
HIGH DEATH RATE—VERIFICATION OF  
THE COAST REVIEW'S PREDICTIONS.

During the first half of 1885 the California membership of the Ancient Order of United Workmen fell off 193. The leaders were alarmed at this decline, and extraordinary efforts were therefore made to revive the order in this State. "Father Upchurch" came to the rescue, and numerous speakers were employed to spout the praises of the order and recite pages of platitudes about fraternity. The result of all these extraordinary efforts, and the organization of many new lodges where lodges were not required, was a gain of only 610 members. Previously, without such splurging and exhibiting of Mr. Upchurch, the order had made greater annual gains in this State. The minimum gain of only 610, under the abnormal circumstances, pointed clearly to the decay of the order in this field. We said in our issue for May, 1886:

What will the order do this year? The managers cannot repeat the demagogy of last year, and the influence of their factitious methods cannot be enduring. The conclusion is that the turning point in the history of the order in this State has been reached. It has about gained the top of the hill, and will soon go down, down, down, because the death rate will go on increasing.

Last year, for the first time in the history of the A. O. U. W. in this State, there was a decline in membership. The turning point has been reached. The membership is decreasing and the death rate is increasing. The history of the order in one State will be the history in all. When growth ceases in the whole as it has in all the older branches, the death rate will rapidly increase, and ultimate failure will be speedy and inevitable. The field in which "new blood" can be secured in sufficient abundance to maintain the growth of the order is becoming narrower and narrower every year. The handwriting is on the wall! The failure of the Ancient Order of United Workmen is as much an assured fact as the eclipse of a planet.

The following table shows the significant and regular decline in the annual increase of the A. O. U. W. in this State, and the corresponding and equally significant increase in the death rate as the amount of "new blood" diminished:

	Number Members.	Increase.	Deaths.	Death Rate.
Jan. 1, 1881.....	11,132	2,815	72	6.49
Jan. 1, 1882.....	13,943	2,811	95	6.83
Jan. 1, 1883.....	15,432	1,489	132	8.57
Jan. 1, 1884.....	16,391	959	130	7.92
Jan. 1, 1885.....	17,106	715	142	8.30
Jan. 1, 1886.....	17,716	610	167	9.43
		<i>Decrease.</i>		
Jan. 1, 1887.....	17,549	167	194	11.05

The Grand Medical Examiner attributes, or pretends to attribute the very high and alarming death rate to defective and perhaps dishonest medical examinations. We cannot expect this paid official to confess the fatal truth that the high death rate is owing to the decline of the order. "New blood" is not flowing in sufficiently to keep the average age down. The members are growing old, and with increasing age there must be an increasing death rate. The Grand Medical, in his annual report, says:

A determined effort should be made to reduce the number of deaths. Last year the order shows a death rate of 11 to the 1,000. This is too high. San Francisco shows only a death rate among all classes of 20 in the 1,000. Now, when we consider that one-fourth of the children born die within the first five years, and every other cause of mortality to which a mixed population of every age and sex is subject, we will be surprised and astonished to find an association of men in the prime of life, from 21 to 50 years of age, dying at the rate of 11 to the 1,000. But when those men, before admission to the order, had all passed a medical examination and pronounced by a physician sound and free from disease, the result is astounding, and speaks in thunder tones that *something is wrong*. Where is it, and what is the matter? The death rate ought not to be over 7 or 8 in the 1,000.

### The Mariano Rubio Case.

Some time ago Miguel Noe sued the Manhattan Life Ins. Co. for the recovery of premiums paid by him on a forfeited policy on the life of Mariano Rubio. The policy, a \$15,000 one, had been assigned by Rubio to Noe as security for a debt of \$9,000. The premiums were paid regularly until Noe presented proofs of the death of Rubio and made a demand for the amount of the policy. General Agent Landers was suspicious, and therefore set detectives at work, who subsequently produced Rubio alive in court. The testimony of Noe's witnesses was perjured, but he sued the company for the premiums he had paid. The expenses of the company in detecting the fraud and bringing Rubio to San Francisco were \$4,000, and this amount defendant company claimed should be deducted from any sum the court might allow Noe. To this the plaintiff objected. He contended that the deposition of the alleged deceased and other parties who knew him should have been sufficient. This position, if sustained, would have required the presence of Rubio to refute such proof.

The case was tried by Judge Hamilton, of Oakland, for Judge Wilson, in Department One of the Superior Court of this city. The decision, which sustains the company, has just been made public. We quote as follows:

"Whatever may be the presumption of law," says Judge Hamilton, "as to a witness telling the truth when on the witness

stand or by deposition, it is manifest here that the witnesses who deposed to the death of Rubio and to his identity with such particulars as to the manner of his death and his appearance after death, etc., testified as to what was absolutely false and that appearing, the onus is thrown upon the party using such evidence to show that the depositions were made by credible men who honestly believed that their statements were true and who had just grounds for such belief, such as similarity in manner and personal appearance, but there is no attempt by plaintiff to show who these men were or what was their character. I do not think this action could be maintained, for the party having asserted the death of the insured and endeavored to establish it by proof in an action at law, does so at his peril, and having failed in his action or attempt and thereby forfeited his policy, cannot be relieved in equity."

In conclusion the Judge said: "The plaintiff cannot recover, upon the following grounds: First—The non-payment of premiums as they matured, as required by the policy; and Second—By the departure from the prescribed limits without permit from the defendant, and residence of the insured without the same."

#### A Brief History.

A sketch of this famous plot to swindle a life company will doubtless interest the reader. A full account was printed in the COAST REVIEW for June, 1882. We condense the story as follows:

On the 3d of March, 1869, Miguel Noe, of San Francisco, applied to the Manhattan Life Insurance Co. to insure the life of a debtor of his, one Mariano Rubio, a Mexican. A policy was issued for the sum of \$15,000 on the life of Rubio, payable to Noe, who paid the premiums until March 23, 1880. On July 1, 1879, the policy was assigned to Tully R. Wise, on the condition that he should continue to pay the premiums, and, for his compensation, receive half of the money paid by the company in the event of Rubio's death. On the 23d of October, 1880, Noe presented proofs of the death of Rubio. It was alleged that he had died in November, 1879,

while going from Los Angeles to Nevada. The

#### Romantic Story

of the ride through Death Valley, of the death of Rubio and a companion from thirst and starvation, and of the narrow escape of the remainder of the party from a similar fate, was graphically told and attested under oath by the survivors. Rubio had given glowing descriptions of the rich mines in Death Valley, and with an offer of an interest in the bonanza had persuaded the affiants to mount their bronchos and ride away to the promised land. In the Valley the party separated "to prospect," Rubio and Gonzalez going one way, and the remainder going another way. Five or six days thereafter, Rubio and his comrade not having returned to camp, search for them was begun. On the fourth day of the search their emaciated and decomposing bodies were found, far from water and food. The dead were buried, and the party then began a desperate and struggling march homeward. For two days and nights they lived on boiled rawhide cut from their saddles, and were afterward fed by hospitable denizens of roadside cabins.

A very clever story, this — well put together, and the parts neatly "dovetailed" — but the vigilant Landers was not to be easily taken in. A detective was promptly put

#### On Rubio's Trail.

A San Luis Obispo man told the detective that Rubio feared trouble because his life was insured—some parties wanting him to pretend to be dead. Another man told the detective of an attempt to poison Rubio. This evidence clearly indicated the probable existence of a conspiracy to defraud the insurance company, and possibly to murder Rubio. The search continued under the most discouraging circumstances. Rubio was located first in one section, then in another, but finally satisfactory evidence of his whereabouts in Mexico were obtained by a detective who visited Mazatlan. The search for the missing man was then discontinued until the floods in that country had subsided. In the meantime suit was begun by Tully Wise for the recovery of the insurance money and interest. The

plaintiff's proofs of the death of Rubio were of the strongest character. Witnesses had told a straight and convincing story. The defendant was able to present indisputable testimony, under the seal of a Mexican court, that a man answering to Rubio's description, and claiming to be Rubio, was living in his native town. The situation was an interesting one. Some \$16,000 was at stake, and the evidence of both parties to the suit was about equally strong. But Mr. Landers determined to take no unnecessary chances, and he therefore sent for Rubio and had him brought from Mexico to San Francisco. Noe and Wise saw Rubio on the street, and the suit against the Manhattan Insurance Co. was dismissed at their request.

### The Great Western Mutual Aid Association.

In Denver there are two hat-passers under one management—one doing a life and the other an accident business—styled the Great Western Mutual Aid and the Great Western Mutual Accident. They are doing business in California unlawfully. The agents are liable to arrest and heavy fines, and no claims against either association can be enforced in our courts. Both associations have capital stocks, are not fraternal, and certainly were organized for profit. They are therefore subject to the insurance laws of this State. The Insurance Commissioner should institute proceedings against the associations' agents and solicitors, and he doubtless would apply the law if proper complaints were made. Competing agents and the victims of the Denver swindle have the remedy in their own hands.

Referring to the Colorado Auditor's report we find the statements of the two Great Westerns. The nominal assets of the Aid (\$24,821.91) include \$10,747.24 due from the Accident. Turning to the figures of the Accident, we find that the total assets are only \$8,650.53; and one-half of those assets consists of stationery and dues from agents, and the other half is owed to unpaid claimants. So the Accident association is virtually without assets, and the \$10,747 it owes to the Aid associa-

tion cannot be placed among the assets of the latter. Deducting this sum and the dues from agents and the furniture and stationery, we find the actual assets of the Great Western Aid to be exactly \$5,680 91. The liabilities for unpaid claims, etc., are \$8,631.33. We doubt if there is a greater humbug in the entire West than this Great Western hat-passer; but it evidently pays the Secretary and President well enough. The receipts from its dupes last year aggregated \$19,287.50, while the losses paid were only \$9,073.89.

We should like to know why the Colorado Auditor accepted the statement of the Great Western Mutual Aid Association, even under oath, when the assets included a due sum in excess of the gross assets of the debtor. It seems to us that the honor of Colorado and its Insurance Department demands the peremptory closing up of this Great Western fraud which would certainly follow an official examination of its affairs.

### Not a Disinterested Counselor.

Governor Sawyer of New Hampshire, in his inaugural address, supports the valued policy law, by implication at least. The Governor is not a disinterested advocate; he is a director and stockholder of the Granite State Fire Insurance Company, which organized after the withdrawal of the stock companies.

Referring to the withdrawal of the stock companies from New Hampshire, Governor Sawyer says that the action of the companies "was a deliberate attempt at coercion by discrediting the laws to make them obnoxious to the people." And again, in better English: "Their course was justly open to censure. It was in effect a strike and a boycott." The Governor thinks the companies should have given the law a trial, although why they should have risked their coin to try a law already tried elsewhere, and a law which inevitably encourages overinsurance and incendiarism, a careful reading of the address fails to discover. But the subject affords the Governor an opportunity to denounce the companies for "banding together and agreeing to act in concert to punish and distress the

business interests of the State." He thus makes himself and indirectly his company solid with the disaffected property-holders, and so far as his personal and official influence and bad logic go, he strengthens the resolution to maintain a foolish and unjust law.

Governor Sawyer also falls into the common error of attributing the diminished fire losses in 1886 to a diminished amount of insurance written and the consequent greater precautions. The extraordinary losses of the present year dispose of that erroneous idea, regardless of the fact that there was no reduction in the amount of insurance written after the exodus of the stock companies. The withdrawing companies wrote freely before closing their agencies, and on December 31st they still had \$26,549,958 at risk. The total at risk by the home companies, retired companies and mutuals was \$121,597,687. The home companies received in premiums, in 1886, \$555,924, or \$100,000 more than the retired companies had received in the previous year. These figures show that the reduced losses of 1886 were not owing to a reduced amount of insurance written. The Granite State property-owners have now more insurance than they ever had, such as it is.

#### Guardian Mutual Endowment Association.

The Pacific Mutual Endowment Association of Oakland, which has been exposed and denounced in these columns several times during the past year, found itself in such bad repute that the piratical craft was placed under new colors, and now sails under the name of the Guardian Mutual Endowment Association, of San Francisco. This was the little hat-passing fraud that paid widow Carter of Adeline street, Oakland, \$100 in settlement of a \$5,000 policy. The association has been "reorganized." The new President is a Tar Flat tailor, who admits that he knows nothing of the association nor of its plan of insurance. The new Secretary is one Buck, an alleged fire insurance agent. The total membership is under 100. The Guardian Mutual advertises all losses paid in full, but the liability,

under the contract of insurance, is the amount yielded by an assessment. There are perhaps 50 members who would respond to an assessment. The beneficiary of a deceased member, or the holder of a mutual endowment, would therefore receive \$50, less 50 per cent. for expenses. The association could not pay any loss in full, nor any considerable portion of such loss. The Guardian Mutual is a contemptible little swindle. Its officers should be jailed, its directors fined, and its patrons sent to a lunatic asylum.

#### Dwelling Insurance in the South.

Country dwellings in the South have proved such unprofitable risks that very few companies will now insure them. Besides having all the dangers and defects above enumerated in a higher degree than city dwellings, they have a much greater moral hazard. Many farmers, especially in the older States, having become discouraged by their disasters, desire to move to other sections to try their fortunes anew. The depreciation in values of farming lands has raised the dwelling on a plantation to a sore temptation to its owner, who often cannot get for the plantation with all its appurtenances as much as the dwelling alone has cost, while if he is able to collect from the insurance companies anything near the cost of replacing the dwelling he will get in hand enough cash to enable him to move to another part of the country and set up in business, besides having the plantation left to sell for as much as before the house was destroyed. How strong a man must be to resist such temptation when facing financial ruin! Special moral hazard attaches to all plantation houses erected before the war at great expense, and too costly to be maintained now in proper style, and making a severe tax even to keep them in repair. They are burdens to their owners, who would be glad to have a small part of their cost in cash wherewith to rebuild a much cheaper and yet more desirable building to meet present needs. A snug four-room house of a thrifty farmer is a much more desirable risk than such a mansion. Again, a

# Continental Insurance Co.

NO. 100 BROADWAY, NEW YORK.

STATEMENT, JANUARY 1, 1887.

Cash in Banks and on hand .....	\$336,880.97
Loans on Stocks and Bonds, (market value, \$123,800) .....	70,300.00
Loans on Bond and Mortgage (on real estate worth \$720,600) .....	304,810.00
U. S. and other Stocks and Bonds owned by the Co. as follows:	
900,000 U. S. REGISTERED 6% Bonds .....	\$1,193,990.00
225,000 " " 4% " .....	288,000.00
250 Shares American Exchange National Bank .....	33,750.00
69 " Bank of America .....	11,730.00
50 " Bowery National Bank .....	10,000.00
1200 " Mechanics' National Bank .....	49,500.00
250 " Mercantile " .....	33,750.00
350 " Merchants' " .....	23,100.00
200 " Metropolitan " .....	6,600.00
100 " Nassau Bank .....	6,750.00
622 " Phenix National Bank .....	13,186.40
180 " St. Nicholas Bank .....	20,880.00
200 " Central Trust Co. ....	85,000.00
1500 " N. Y. & Harlem R. R. Co. ....	165,000.00
\$50,000 Cedar R'pds, Ia. F'ls, & N. W. R. R. 1st Mtge. 6% B'ds .....	54,000.00
100,000 Cent. R. R. & Bkg. Co. of Ca. (tripartite) 1st Mtge. 7% B'ds .....	112,000.00
100,000 Chi. Rock Isl'd & Pac. R. R. Co. Coll. & Ext. 1st Mtge. 5% B'ds .....	109,500.00
50,000 Chi. Mil. & St. Pl. (Chi. & Pac. Div.) 1st Mtge. 6% B'ds .....	58,500.00
50,000 Chi. & N. W. Sinking Fund Reg. 1st Mtge. 6% B'ds .....	58,500.00
50,000 Chi. St. Paul, Minn. & Omaha R. R. 1st Mtge. 6% B'ds .....	122,500.00
100,000 Columbia & Greenville R. R. 1st Mtge. 6% B'ds .....	54,000.00
50,000 Elmira, Cortland & Northern, pref. 1st Mtge. 6% B'ds .....	50,000.00
50,000 Erie Railway Co. con. 1st Mtge. 7% Bonds .....	67,500.00
50,000 Ind. Bloomington & Western pref. 1st Mtge. 7% B'ds .....	152,550.00
135,000 Mil. Lake Shore & Western R. R. 1st Mtge. 6% B'ds .....	59,000.00
50,000 Morris & Essex R. R. con. 1st Mtge. 7% B'ds .....	67,500.00
50,000 N. Y. Central & Hudson R. R. way Co. Deb. 5% B'ds .....	54,500.00
50,000 N. Y. Lack. & West. R'way 1st Mtge. 6% B'ds .....	93,750.00
75,000 N. Y. Lack. & West. R. R. 1st Mtge. 6% prior lien B'ds .....	55,000.00
50,000 N. Y. L. E. & West R. R. 6% B'ds, (Dak. Exten.) .....	118,000.00
100,000 St. Paul, Minn. & Manitoba, R. R. 6% B'ds, (Dak. Exten.) .....	118,000.00
10,000 Alabama New Bonds, Class "A." 1906 .....	10,600.00
12,000 South Carolina 6% Consolidated "Brown" Bonds, 1893 .....	12,840.00
Real Estate owned by the Company .....	693,500.00
Premiums in course of Collection .....	232,876.40
Bills Receivable, not matured for Fire and Inland Marine Premiums .....	307,742.89
Interest and Dividends (payable this date) .....	36,894.62
Rents accrued .....	5,500.00
Total Assets .....	\$5,239,981.28
Reserve for re-insurance .....	\$2,383,800.53
(of which for Inland Marine \$32,950)	
Reserve for Commissions, Taxes, etc. ....	30,000.00
" for losses and all other claims .....	451,323.82
Capital paid in, in Cash .....	1,000,000.00
Net Surplus .....	1,374,856.93
	\$5,239,981.28

HUTCHINSON & MANN,

General Agents,

322 & 324 CALIFORNIA STREET, SAN FRANCISCO, CAL.



moral hazard is created in such risks where the owners desire to move, or have moved, into a city on account of the uncongeniality of country life under the changed condition, or for other cause, leaving the plantation in the hands of other parties to be operated. For all these reasons also, a mortgage on a country dwelling is much more serious to the underwriter than in the case of a city dwelling. If a country dwelling is encumbered and occupied by the owner, whose farming operations are not sufficiently satisfactory to make it desirable for him to prosecute his business where he is, and he is not content to live in the country, then every such risk should be avoided by the underwriter; for a country dwelling is a desirable risk only when the owner would suffer a real loss by its destruction, in depriving him of a home with which he was satisfied and intends to rebuild if it burns.—*Southern Insurance Directory.*

### A Great Merchant's Opinion.

John Wanamaker, a famous Philadelphia merchant, carries over \$500,000 insurance on his life. On the occasion of his fiftieth birthday, last month, all the life agents in his city joined in a congratulatory letter, referring to his perfect health, his unsullied business record, his abundant success, and greeting him as the leading American in the amount of insurance carried. Mr. Wanamaker returned the following handsome reply:

I am pleased to have to-day your letter of congratulation and thank you most sincerely for each kindly word of encouragement therein contained. I did not know it to be a fact until your statement now before me that I held the largest insurance on my life of any one in the United States. Permit me to say that I should not have been so enriched but for the diligence of some of those whose autographs add to the pleasure of this anniversary day.

There is a good proverb that says we must strike while the iron is hot, which might be amended wisely and well for insurance and other business by adding that there is such a thing as making the iron hot by striking. But for some of your judicious men who knew how to touch the iron bar of indifference and work it up to the white heat of action and hammer it out into contracts, I would be poorer to-day to just that extent that your good companies have written upon my life, I feel, therefore, that what you did in fixing my attention

to life insurance was a positive and substantial service to me, and I thank you to-day for it most sincerely.

I beg to add my congratulations upon the manifest growth of your excellent companies and the increasing wisdom of their management, not only at the top in the central offices, but among the men in the thick of the fight on the fields, and trust that your systems of insurance will continue to improve in simplicity and safety until it shall be as much a settled principle of business for all prudent men to insure the property in their lives as it now is to insure the property in which they live.

### City Losses for Six Months.

The property and insurance losses for the first six months of 1887, in San Francisco, as shown by the Fire Patrol reports, were as follows:

	Prop. loss.	Ins. loss.	Insurance.
January ....	\$35,503 94	\$16,168 00	\$113,799 83
February ...	19,943 24	16,408 24	286,450 00
March .....	39,395 71	24,661 79	122,174 73
April .....	24,868 99	18,696 78	140,550 00
May .....	179,146 42	118,864 07	257,275 00
June .....	23,662 85	13,317 25	110,960 00
Total .....	\$322,521 15	\$208,117 13	\$1,031,209 56

The insurance losses reported to the Patrol correspond closely with the losses reported to the COAST REVIEW, the slight deviations being due to estimates necessarily made to us, at times, and to the trifling losses which we do not report. Our total San Francisco losses for the half year, printed in the table last month, aggregated \$190,244, a deficit of only ten per cent., assuming the foregoing total to be correct.

The loss per dollar of insurance involved has averaged \$0.20.2. The insurance losses for the first six months of last year were \$690,298, or three and a third times as much as for the same time this year. The uninsured property loss this year was \$114,404, or over 30 per cent. of the entire loss.

The Fire Marshal is no longer required to collect and prepare the fire and insurance losses. That work will hereafter be done by Captain White of the Fire Patrol, as heretofore. Apparently, the Marshal's loss reports were useful only in verifying those of the Patrol Chief, and the former officer is therefore better employed in enforcing the fire ordinances instead of gathering fire statistics.

### San Francisco Fire Department.

Fifteen engines are in service in the San Francisco fire department, besides seven relief engines, eleven hose carts, one four-wheeled hose carriage, and three hook and ladder trucks, for relief service. There are no chemical engines. Three hundred and forty-five men are employed, receiving the following yearly salaries:

Chief Engineer.....	\$3,000
Assistant Chief Engineer .....	2,400
Four assistant engineers, each.....	1,800
Permanent force, uniformed—	
Fifteen engineers of steamers, each .....	1,680
Fifteen stokers of steamers, each.....	1,080
Fifteen drivers of steamers, each.....	1,080
Eight drivers of hose carts, each.....	1,080
Eight stewards of hose carts, each.....	960
Five drivers of hook and ladders, each.....	1,080
Members at call, not uniformed—	
Twenty-eight foremen of companies, each... ..	540
One hundred and sixty-eight hosemen, each. .	420
Sixty hook and ladder men, each.....	420
Corporation Yard—	
One Superintendent of Engines.....	1,800
One Assistant Superintendent of Engines ...	1,680
One substitute engineer and machinist.....	1,680
One clerk of corporation.....	1,500
One veterinary surgeon.....	720
Two hydrant men, each.....	1,080
One carpenter.....	1,200
One drayman.....	1,080
One watchman .....	900

The expenditures for the fiscal year ending June 30 were: for salaries, \$223,359.00; for miscellanea, \$97,920.83; total, \$321,279.83.

The total valuation of the department property is \$687,500. Of this sum, \$140,000 represents the apparatus; \$30,000, the hose and couplings; \$35,000, the horses and harness; and \$45,000, the hydrants.

The city is divided into four districts, as follows:

District No. 1.—All that portion of the city north of a line running through the center of Market street from the ferries to Stockton street and thence north to the bay and around the water front to the place of commencement.

District No. 2.—All that portion of the city south of Market street from the ferries to the corner of Market and Sixth streets and thence south to Channel street and around the water front to the ferries.

District No. 3.—All that part of the city lying north of Market and west of Stockton street to the water front and ocean beach.

District No. 4.—All that portion of the city west of Sixth and south of Market street to the ocean beach and the county line.

The Fire Commissioners in their annual report acknowledge that the department is now in a comparatively crippled condition. More engines are needed, as well as additional engine-houses. A water-tower and a fire-boat would add greatly to the efficiency of the department.

Chief David Scannell, in his annual report, states that there were during the fiscal year 299 first-bell alarms, 6 second-bell alarms, and 1 third-bell or general alarm sent out from the fire-alarm stations, and 219 still or verbal alarms, making a total of 525 actual fires extinguished by the department.

The most disastrous and extensive fire of the year occurred on August 21, 1886, at 6.05 P. M., on Brannan street, between Fourth and Fifth streets. Owing to the inflammable nature of the contents of these buildings the fierceness of the flames rendered a general alarm necessary. The small size of the water-mains in that part of the city (8 inches) greatly retarded the work of the department, although the whole force was engaged. The fire was, however, controlled and confined to three buildings. The loss was estimated at \$300,000.

The necessity for a fire-boat on the water front was made manifest at one fire, says the Chief, as but for the service of the *Governor Irwin*, used as a fire-boat on that occasion, the shipping in the vicinity must have suffered great loss. The loss was estimated at \$50,000.

On May 17th, at 11.40 P. M., a fire broke out in "Butchertown," in a packing establishment, which building, with a large number of others, was soon a mass of flames, creating such intense heat that the companies of the department which reached the scene of the conflagration had to let the fire take its course, as the water supply was wholly inadequate to subdue the flames, there being only four hydrants accessible, and the low tide preventing the pumping of water from the bay.

Chief Scannell also calls attention to the necessity of limiting the height of frame buildings to be used as hotels or lodging and tenement houses, and he suggests the passage of an ordinance fixing the maximum height of such buildings at sixty feet.

Various valuable suggestions are made, as follows: Churches should be covered with fire-proof material. Fire escapes should be provided in all buildings used as factories, lodging-houses and hotels, or buildings in which a large number of people may be congregated above the line of the second story. He cites the case of the fire in the Bancroft building, at which many persons owed their lives to the side windows, by which they were enabled to escape upon adjoining roofs. He also recommends an ordinance requiring the owners of buildings of four or more stories in height to erect within such buildings, on each floor, pipes connecting with the street mains, those to have butts of the size recognized by the department, so as to enable the firemen to make connection with their hose. This ordinance should also, he says, request owners of property to erect in the sidewalk in front of their premises, a Siamese connection or hydrant, so that immediate connection with a full supply of water could be had.

### "Honesty is the Best Policy."

EDITOR COAST REVIEW:

Why is it that people who have not sufficient sense of honor or manliness to be honest under all circumstances cannot see that the riskiest kind of policy is *dishonesty*? Have they not judgment enough to know that the man who is honest and reliable—even if so for prudential reasons—is building himself a name and a capital far more valuable and more beneficial to himself than accumulations resulting from dishonorable and tricky practices? Whilst on the other hand, is it not equally certain that his opposite is bound to be found out; to find himself openly or secretly despised by the great majority of his fellows; also, to find that his little schemes, his tricks and dodges are relished neither by his principals, his fellow business men, nor by his

customers? Lack of trade follows lack of confidence, and scanty profits—if not actual losses—take the place of the big returns that formerly rolled in.

Just now fire insurance circles in this State are witnessing the

#### First Stage of Dishonesty

on the part of a fraction of their members. The Union is not old enough yet to have arrived at the retribution which must inevitably come. It is flood-tide with the scallywags now; the ebb must follow. If any one of those who are floating so smoothly upon this tide of ill-begotten and meanly-conceived prosperity should read this, I would like him to ask himself whether he supposes his dirty tricks are not well known. Let me assure him, if he does, that he is wofully mistaken. His little game and his methods are perfectly understood. An intelligent observer of the course of trade who has compared notes with other observers can take a list of the offices in this city and put his finger on the name of each one which is thriving by dishonesty. These offices and their plans of operation are freely discussed among the more honorable members of the fraternity, and whilst it is admitted that the evil is a serious one, and that legislation never yet transformed rogues into men, yet there is a firm determination to check it; if heavy fines, expulsions and publicity will not do it, then it must be done by a suspension of rates and rules and a

#### Combined Warfare of Reprisals.

To those who, with ostrich-like stupidity, think that their misdoings are not transparent, I would say that each of the two or three local offices, of the three or more where foreign companies are represented, and of the several representing Eastern capital, is known just as surely as though the conversation in their respective offices had been overheard, or the entries in their books and accounts had been examined.

We, *i. e.*, most of us, know that a certain corporation is regularly rebating to customers whose patronage is valuable, and covertly offering bonuses of five, and even ten per cent. to brokers; that certain special agents are making *private* arrange-

ments with country agents; that counter-checks are handed over when settlements are made; that bogus purchases of merchandise at fabulous prices are made, and that various other nefarious dodges are resorted to by unscrupulous men to get the better of their competitors. All of this sort of work must shortly cease, or the tricksters will some day wake to the knowledge that they and their ways have been thoroughly ventilated, not only in San Francisco and all over the Coast, but also in New York, Philadelphia, Hartford, Boston, London, Hamburg, and in every other place which is an insurance center; a suspension of rates, etc., and all of the offices which have been suffering from their unfair competition, banded together "to carry the war into Africa."

There has never yet been devised a better scheme to prevent unfair competition—dishonesty cannot be legislated out of existence—and to foster the true interests of all participating, than

#### The Pacific Insurance Union.

The essence and spirit of the whole plan was to protect and preserve the business of each member. So much was this the case, and so well has it worked, that a comparison of figures issued both by the Insurance Commissioner and by the patrol will demonstrate that scarcely one member or company has suffered a diminution of business to any appreciable degree, and that the gains and losses are participated in by the larger companies as well as the smaller ones. Naturally, the big companies have fared better than the little fellows, but that would have been the case in a still more marked degree had there been *no Union*, but instead of it the war of rates which was so imminent then. No; the gains or losses show not so much the advantage of the weight of capital or of superior ability and industry—although these have had their effects—as the line between those who have strictly observed their pledges to the Union and those who have systematically broken theirs for the purpose of benefitting themselves by the honesty of others. If any one doubts this, let him take the

#### Last Two Quarterly Reports

of the treasurer of the patrol and compare them with those of the same quarters of last year, and then observe the smallness of the premium incomes of such grand old companies as the North America, Ætna, Phenix, Hartford, Home & Phoenix, Continental, North British, Royal, Imperial, etc., as against those received by some of the comparatively insignificant local Eastern and foreign offices. Take the returns by agencies, and note who have lost and who gained; to the well-informed the figures will be found to be highly significant.

The men who, by their desire for present gain, are imperilling the life of the Union, may some day—and very shortly, too—find, to their cost, what a short-sighted policy has been theirs, and that the old-fashioned one of *honesty* would have been much the *best* of all. N. W. ORB.

#### Southern California.

"Where the sun, with softer fires,  
Looks on the vast Pacific's sleep."

The counties of Santa Barbara, Ventura, Los Angeles, San Bernardino and San Diego, in Southern California, are enjoying a marvelous growth in population and wealth. The "boom" is without a parallel. New towns are rising like magic from the fertile foot-hills and barren plains. The older towns, like Los Angeles, San Diego and Santa Barbara, have renewed their youth, and are ambitious, thriving and rapidly growing. New railroads are building and others are projected. Wealthy syndicates are bringing the cool waters of the mountains down to the hot and thirsty plains, and are cutting up the big grain and stock ranches into small fruit farms. Deserts are made to blossom with flowers, and bear ruddy, pouting fruit. Vineyards and orchards will soon spring from virgin soils, and the whole country be transformed into a vast and blooming garden, fragrant from orange trees, and adorned with flowers of every hue.

This pleasant picture has other and darker shades. While much of the growth and prosperity of Southern California is legitimate and enduring, too much of it is fic-

titious and evanescent. Speculation has run mad. Land is held and sells at a figure which the producing capacity will not for many years and may never justify. People cannot live on climate. The cities must live upon the country, and cannot safely grow beyond it. Prices for lots in many towns are already far greater than in larger and wealthier places, and prices are still mounting, under the skillful manipulations of speculators. It is said that on much of the land now in the market, and finding a ready sale, nothing can be raised, except the price. In one town, where lots sell as high as \$200 a front foot, there is not a single building, and in another town—a large one, on paper—there is only one building, and that is a real estate office. The result of this feverish speculation, of this mushroom growth, must be disastrous. The limit will speedily be reached, and then there will be a collapse. Values will drop below the true values, money will become scarce, loans will be negotiated with difficulty, mortgages will be foreclosed, and much property will be thrown upon a poor and declining market.

Underwriters have an interest in this subject. Premiums and losses are influenced by the good times and bad times in any section or community. To-day, new buildings are being erected in Southern California at an advance in cost of 25 per cent. over the normal rates for material and labor. In a year or more these buildings will be worth that much less than they now are, plus the deterioration wrought by time and use. Another thing to be taken into consideration is the number of doubtful titles which will soon develop. Imperfect titles and depreciated values will be likely to provoke incendiarism, and will certainly warrant the strictest investigation of every loss when the boom shall have begun to subside. Overinsurance will be the natural concomitant of the extraordinary prosperity and inflated values of the present time, and the most liberal adjustments, therefore, may frequently beget dissatisfaction and litigation.

Portland, Or., and other Northwestern towns had a boom like that of Southern

California, several years ago. The effect of the crash is unpleasantly familiar to underwriters. Business came to a standstill, values came down on the run, population decreased, the premium income fell off greatly, and the losses increased frightfully. It is reasonable to anticipate a similar experience in Southern California at no distant day.

### Michigan Anti-Compact Law.

Michigan underwriters were unable to prevent, or did not choose to prevent, the enactment of an anti-compact law. Perhaps they thought that the average loss ratio without a compact could be no greater than the 63 per cent. and 62 per cent. of 1886 and 1885 under a general compact. The preceding legislature (1885) had under consideration the Hampton anti-board bill, but it was easily defeated. The new law was pushed in the insurance committee and in both houses by the wealthy furniture makers of Michigan, whom the compact has compelled to pay fair rates on their hazardous factories.

The new law requires all other-State fire and marine, and inland companies to file with the Commissioner of Insurance "an undertaking that it will not directly or indirectly enter into any contract, agreement, arrangement of any nature or kind whatever (*sic*) with any other company or companies, the object or effect of which is to prevent open and free competition" in all or any part of the State. It is made unlawful for any person to transact business for any fire or marine company which violates the anti-compact law. The Commissioner is required to revoke the certificate of every company which fails to file the prescribed undertaking within thirty days after it is mailed, or which disobeys the law. The new act goes into effect on the 1st of January.

Owners of factories in Georgia deny the right of the companies to cancel, and they refuse to surrender the "canceled" policies. The practice of carrying insurance in underground mutuals is the cause of the cancellation.

### The California Commissioner on Co-operative Insurance.

From the annual report of Insurance Commissioner Wadsworth, which has just come from the hands of the printer, we quote the following references to assessment life insurance, wherein the necessity of recommended legislation is clearly shown:

The necessity for legislation regulating life and casualty insurance companies conducted upon the assessment or co-operative plan, in order that needed protection may be had for the policy or certificate holders therein, as well as for the honest companies doing business in this State, from the fraudulent companies now operating or that may hereafter operate here, is such that I cannot too earnestly call attention to it, and respectfully urge that you recommend to the next Legislature the enactment of a law that will bring all these companies under the jurisdiction of this department, excepting therefrom fraternal organizations that do not employ paid agents or solicitors, and conduct their business on the lodge system and *not for profit*, that the public may no longer be fleeced by the many associations that in the absence of any law regulating them boldly come here from other States, advertising their wares for sale, using high-sounding names, issuing their circulars and prospectuses, offering cheap rates of insurance for the purpose of beguiling the ignorant and unwary, upon the principle of "Walk into my parlor," said the spider to the fly."

Without a law governing this class of companies, the Insurance Commissioner is

#### Powerless to Prevent Dishonest Practices,

while a law subjecting them to the supervision of this department would weed out and banish from the State in a short time all the fraudulent companies, and give the honest companies and the people that protection to which they are entitled. Other classes of life and casualty companies are at all times subject to the inspection of this office, and required to make annual statements under oath of all details of their business, which are always open to inspection,

thereby enabling any one to know their condition and form a correct opinion as to their solvency and ability to make good their obligations, while the assessment companies, not being amenable to any of the insurance laws, give the inquirer only such information as may best suit their purpose. Is it right or just that while one class of companies is obliged to make these annual reports and pay to the State the fees exacted of them, that another class of companies organized for precisely the same purpose should be totally exempt? I believe it to be manifestly unjust.

The fraudulent practices, and the evils arising therefrom, have reached to such an extent in the Eastern States, that with hardly an exception they have enacted measures subjecting these companies to the insurance laws of the State and the jurisdiction of the Insurance Department. Being rooted out there, they look for new fields wherein they can continue their work, the most inviting of which is our fair State, in the absence of any law to prevent it. From reliable information I learn that a large number of these companies are now pursuing this business here.

#### The Co-operative Record.

In the State of New York since April, 1883, ninety-six of this class of companies have ceased to exist; one hundred and forty-three in the State of Ohio since the first day of January, 1882; and in the State of Michigan, out of one hundred and seventy-nine companies started since the beginning of the year 1870, one hundred and forty-seven were extinct in 1886. The Attorney-General of the State of Pennsylvania in the year 1882 issued quo warrantos against two hundred and seventeen companies and forced them out of business, thirty-seven of them having disbursed an average of less than \$100 per death claimant on policies averaging \$2,000. I cite these facts to show the extent of this business and the results.

The laws of the State of New Jersey do not permit assessment or co-operative companies of other States to transact business in that State. The State of Indiana requires them to file a bond of \$20,000, to be

approved by the State Auditor, before commencing business. Canada requires a deposit of \$50,000, and her laws otherwise are very strict.

In Michigan.

A committee was appointed in February, 1877, by the Legislature of Michigan to investigate and report upon the co-operative life insurance companies of that State. This committee visited the offices of eighteen companies, examined forty-three witnesses, and reported a bill which was passed by the Legislature. In their report of the testimony given by one of the agents of the People's Co-operative and Mutual Benefit Society of Battle Creek, the fact was developed that he procured the application of an old man for insurance in favor of his (the agent's) wife for two thousand dollars. The insured man was not a relative of either the agent or his wife. He testified that his wife obtained the insurance for speculative purposes. The policy was afterward assigned to the medical director of the company. The assessment notices on that policy were all sent to and paid by the agent. The old man died, and the amount due upon the policy—five hundred dollars—was paid by the company to the wife of the agent, who was a sister of the secretary of the society. The secretary of this company testified that he has the power under the laws and rules of the society to cast the votes of all the absent members, thereby constituting himself the absolute proprietor of the company to all intents and purposes—"No record book is kept of their meetings, nor is there any record of annual meetings."

A member of this committee found that in the office of one of these associations three policies had been taken out on the life of his own mother at a time when she was dangerously ill, and that the applications were signed by relatives who were aware of her illness. In their report they said:

"Legislation of this character is demanded as a measure of self-protection to the honest advocates and honorable companies doing business upon the assessment plan. So long as it is possible for unscrupulous men without character or responsibility, with a few dollars in money, a few sheets

of paper and a reputable dupe to act as an advertising card in their literature, to organize an assessment life insurance company, so long will the State be preyed upon by these monsters in human form, whether under the guise of old people's life insurance companies, or whatever form the swindle may assume. Compel them to make good their promises, the bubbles burst and the scheme vanishes like the baseless fabric of a vision."

The Commissioner's Bill.

At the last session of the Legislature I prepared and had introduced a bill bringing this class of business under the jurisdiction of this office, which had the support of the reputable assessment companies doing business in this State, but owing to the shortness of the session it was not reached on the files in time for its final passage. Many of the members of both houses favored its passage, and expressed to me their regrets that it did not become a law.

No opposition, I imagine, would be shown to the enactment of a proper law, except it came from companies wrongfully managed, that would fear the publicity involved in its statements and the inspection of this department.

By the enactment of such a law much additional work would devolve upon the Insurance Commissioner; but, placed in position to watch over these interests, I cannot sit quiet and see people defrauded, and honest, well-managed companies suffer from the practices of dishonest companies.

If our Legislature enacts laws to protect the community in any one branch of insurance, they are equally and morally bound to protect them in all; and when the contract is to be fulfilled after death, for the benefit of the widow and orphan, what is there more sacred or binding upon our law-makers than that they should throw the same safeguards around this class of life insurance that they have for all others?

At a fire in Cork the brigade quarreled. The chief was effectually corked with a right-hander, and two or three firemen were pitched into the street. The spectators venturing to protest, the hose was turned upon them.

## CHESTNUTS.

## Domestic.

In St. Louis the property loss for the half year ending June 30, was \$799,123, and the insurance loss, as reported, \$729,115, or over 90 per cent. of the total loss.

The *Vindicator* exposes the German-American Ins. Co. of New Orleans, a new wildcat.

Eight Ohio co-operatives failed last year.

The Mutual Reserve Fund Life Association lost \$28,979,610 of insurance by lapses during 1886.

Here is the United States fire record for the first six months of 1887, as estimated by the *Review*. "And Canada" does not appear to have been included as usual:

January.....	223	\$11,550,000
February.....	131	7,500,000
March.....	214	10,450,000
April.....	202	11,750,000
May.....	183	11,489,000
June.....	150	10,182,000
Total.....	1,103	\$62,921,600

Pennsylvania imposes a penalty of from \$100 to \$1,000 for transacting business for an unauthorized company. For the second offense the penalty is fine and imprisonment.

The N. Y. *Ins. Times* prints the following:

	Old Board Tariff.	Compact Tariff.	Present Quota's.
Brick dwellings...	25 cents.	18 cents.	3 cents.
Frame dwellings..	50 cents.	35 cents.	15 cents.
Private stables, b'k.	75 cents.	30 cents.	15 cents.
Lumber yards.....	150 cents.	100 cents.	60 cents.
Brick churches....	50 cents.	40 cents.	25 cents.
Brokerage.....	15 pr. ct.	10 pr. ct.	30 pr. ct.

There were 2,415 fires, with \$3,340,810 losses in New York last year, or about the same number of fires as in London, which is three times as large.

The New York fire department includes sixty-five steam engines in use, and eighty-seven relief, ten chemical engines, one hundred and sixty chemical extinguishers, twenty-five hook and ladder trucks in use, and ten relief, sixty-two hose carriages in use, and twelve relief, two fire-boats, and nearly four hundred horses.

The Eastern and Middle departments of the Union Mutual Life have been consolidated, under the name of the Eastern department, with Ben Williams as manager.

Milton Dargan has been elected Secretary of the Texas Association of Fire Underwriters.

A railroad company undertook to build a track across a street in Youngstown, Ohio, in opposition to the wishes of its citizens, and stationed men armed with picks and shovels to guard it. The city ordered out the fire department and poured such streams of water upon the railroaders that they were glad to give up the field.

## Imported.

An English accident company has extended the time for giving notice of an accident from seven to fourteen days. This is thought to be very liberal by our transatlantic cousins.

The Atlas Assurance Company has discontinued the accident branch.

On the ground that it is desirable that "the proprietary should be as numerous and wide-spread as possible," the directors of the London Assurance Company have restricted the number of shares tenable in one name to 500, representing a present value of \$150,000. The more shareholders the more connections and business; and the chairman adds that it sometimes happens that on the death of a shareholder or a resettlement of his property his shares are thrown upon the market, depressing market values when the number of shares is large.

Our English exchanges are very solicitous about the Royal Liver since the jubilee festivities.

An English newspaper which pays \$500 to any one suffering an accident while in the possession of a copy of said newspaper has been ruled to be an assurance corporation by the British postoffice department and required to pay a stamp duty of one penny per copy. The matter is in the courts.

One Swiss accident company has a premium income of nearly \$600,000 yearly, and another has over \$500,000. The tramping tourist in Switzerland invests largely in accident policies.

The London fire brigade attended 2,149 fires last year, and the salvage corps nearly as many. Salvage services were rendered at one-fourth the fires. The long distances



*Subscribed Capital, - - - \$4,125,000 00*  
*Capital and Gross Assets, - - 4,712,747 00*

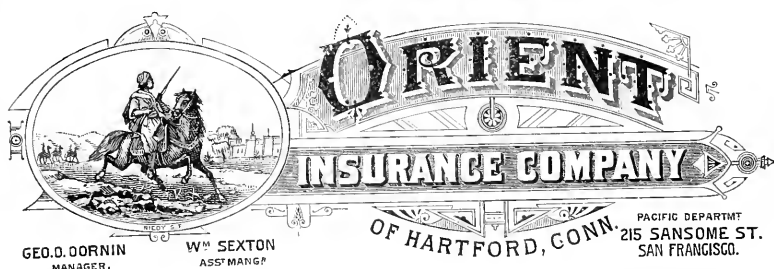
**PACIFIC DEPARTMENT FOR**

**The States of California, Nevada, Oregon, Colorado, the Territories of  
 Washington, Idaho, Montana, Wyoming, Utah, Arizona,  
 New Mexico, and the Hawaiian Islands.**

**GEO. D. DORNIN, Manager.**

**WM. SEXTON, Assistant Manager.**

*215 Sansome Street San Francisco, Cal.*



*Capital, - - - - - \$1,000,000 00*  
*Assets, January 1st 1887, - - 1,604,486 00*

**PACIFIC DEPARTMENT FOR**

**The States of California, Oregon, Nevada, and the Territories of Washington,  
 Idaho, Utah, Arizona and New Mexico.**

**GEO. D. DORNIN, Manager.**

**WM. SEXTON, Assistant Manager.**

*215 Sansome Street, San Francisco, Cal.*



1803

# IMPERIAL

FIRE INSURANCE CO., OF LONDON.

(Instituted 1803.)

*Capital Paid in, - - - - \$3,500,000 00*  
*Assets, January 1st 1887, - - 9,658,479 00*  
*Invested in the United States, 1,620,505 63*

## PACIFIC DEPARTMENT

Having Jurisdiction over the States of California, Oregon, Nevada, Colorado,  
 and the Territories of Washington, Idaho, Montana, Wyoming,  
 Utah, New Mexico and Arizona.

GEO. D. DORNIN, Manager, WM. SEXTON, Assistant Manager.  
 215 Sansome Street, San Francisco, Cal.



# WASHINGTON

FIRE AND MARINE INS CO.

OF BOSTON.

*Capital Paid in, - - - - 1,000,000 00*  
*Assets January 1st, 1887, - - 1,949,467 00*

## PACIFIC DEPARTMENT

Having Jurisdiction over the States of California, Oregon, Nevada, Colorado,  
 and the Territories of Washington, Idaho, Montana, Wyoming,  
 Utah, New Mexico, and Arizona.

GEO. D. DORNIN, Manager. WM. SEXTON, Assistant Manager.  
 215 Sansome Street, San Francisco, Cal.

attended by the corps were as follows: Over 4 miles and under 10 miles, 81; over 10 miles and under 20 miles, 26; over 20 miles and under 40 miles, 7; over 40 miles and under 80 miles, 6; over 80 miles and under 100 miles, 1; over 100 miles and under 200 miles, 4; and over 200 miles, 1; total, 126.

Hail insurance in France and Italy last year was a losing business. In one company every sixth policy became a claim.

The total fires in Paris last year were 953, exclusive of chimney fires. There were thirteen theatre fires. Very strict measures are to be applied to diminish the fire hazards of theatres. The scenery, stage woodwork and balconies are to be made of unflammable materials, or rendered unflammable by a special preparation. Side exits are to be provided, and "strapontin" seats have been suppressed.

Many of the Lloyd's fire underwriters have incurred so heavy losses during the past year that they now write only small lines and demand higher premiums. Individual fire indemnity is not nearly so safe and profitable as it seemed to the Lloyd's marine underwriters.

### The Expiring California Life and Endowment Association.

FAILURE OF ANOTHER "PROMISING" CO-OPERATIVE—"WE TOLD YOU SO"—FIRST-CLASS REFERENCES COULD NOT SAVE IT.

A few months ago we mentioned the abandonment of its accident business by the California Life and Accident Association and the substitution of an endowment scheme copied from the defunct Texas and Pacific endowment hat-passers. The change, as we said at the time, indicated embarrassment and failure. Messrs. Pettis & Co. renamed their company the California Life and Endowment Association, and began anew a desperate struggle for existence. But it was a fight against the inevitable. A few weeks ago the managers began negotiations for the transfer of their membership to some more fortunate hat-passers, the failure of their own enterprise having become a certain event of the near future. On July 16, the members were informed by circulars

that the Home Benefit Association would receive all the members of the moribund California Life and Endowment Association. Since that time many members have transferred their certificates to the former hat-passer, and all the remainder who retain any faith in assessment insurance, especially the uninsurable members, will probably transfer their certificates likewise. There are, however, some outspoken objectors to the transfer. The rates of the Home Benefit are higher, and it is doubted whether the insurance is not equally poor. The objections are not well founded. While the transfer of membership may not be legal without the consent of a majority, it is not a compulsory transfer; and the failure of the California Life and Endowment was so imminent and unavoidable that the further maintenance of the organization would have been foolish and more dishonest than any deception heretofore practised by the managers.

It is certainly a much more sensible thing for the members to go into the Home Benefit than for the Home Benefit to accept them without medical examination and without admission fee. The wholesale act of reinsurance, while it removes one rival of the Home Benefit, is, in our judgment, not merely unwise and dangerous, but it is unjust to the old membership, who are required to assume new responsibilities without any corresponding benefits. The managers will get the annual dues, but the members must pay additional assessments, which they would not otherwise have been called on to pay, because among the several hundred transferred members there are undoubtedly a number of uninsurable lives, whose premature deaths will increase the mortality ratio.

We recall the fact that the California Life was "endorsed" by a number of leading business and professional men, just as the Bankers' & Merchants' Mutual Life is; that the former and older hat-passer had as cheap rates and as popular features as the latter and younger hat-passer; and that the former had better insurance talent than the latter has. The former has failed; the latter "still lives."

## Bankers & Merchants Mutual Life Association.

AN ILLEGAL CORPORATION WITH AN UNSECURED RESERVE FUND—ITS REFERENCES DO NOT ENDORSE ITS PLAN OF INSURANCE—ITS CERTIFICATE A CONTRACT TO PAY ONLY THREE-FOURTHS OF THE PROCEEDS OF AN ASSESSMENT—A COLD DAY AWAITING MR. BADLAM'S ASSOCIATION—A LETTER FROM SENATOR STANFORD.

In December, 1885, a new assessment life insurance association, or, in plain American, a hat-passer, was organized in San Francisco, under no law of California. It was named the Bankers & Merchants Mutual Life Association of the United States—a long name, and one suggestive of the respectability and stability which are the characteristics of no hat-passing insurance enterprise. Alexander Badlam, formerly a successful local politician, is the President of the Bankers & Merchants. The association differs in no important feature from the average living or dead co-operative. It has no capital and no assets. It does not contract to pay the face of its certificates. A judgment against it would be worthless. It prints specious and false statements. It misrepresents old line insurance. It deceives its members. It gives no security for its funds, nor any guarantee of the faithfulness of the managers. No fidelity bonds are issued or exacted. It is merely a hat-passing insurance association, without funds, without experience, without any element of stability, without any guarantee of the execution of its alleged contract of insurance. There is no reason to suppose that it can escape the fate of the thousand co-operatives that have already failed. Whoever becomes a member of the Bankers & Merchants merely buys temporary insurance, which is dear at any price; and he runs the risk of being uninsurable when he shall have to look elsewhere for insurance.

In discussing the association we do not refer to the character of the management. We are dealing with the plan of insurance, with the character of the association. The public can determine for themselves the

bearing of the reputation of Mr. Badlam and his associates upon any question as to the merits of their company.

The Bankers & Merchants issues a circular presenting its plan, terms and features. This circular is copied in the main from one issued by the National Alliance of New York. There is not enough insurance talent in the association to get out an advertisement. The general manager, we are informed, formerly solicited insurance in portions of this State which he does not now visit. Another officer was also formerly a solicitor or canvasser for life insurance. What these gentlemen know of life insurance it would not take them long to tell. This is the extent of the insurance talent in the management of this co-operative experiment.

On the second page of the association's circular the statement is made that only two assessments were levied in 1886 and only one in 1887 up to July 1. The cost is then figured on that basis, less the admission fee and the examiner's fee. The false impression is purposely conveyed that this low death rate is a normal one, and that the cost thus far is to be the cost in the future. Being a new company, with a small membership, the death rate has been low; but with a larger membership and additional age, which will increase the average age of the members, the rate of mortality will advance. The average death rate of selected lives is about ten per thousand. Last year the mortality rate of the Ancient Order of United Workmen in this State was over eleven per thousand. It is perfectly fair to assume, therefore, that hereafter, if the Bankers & Merchants should become established, the deaths will average ten per thousand. Assuming the membership to be 3,000, the average age 35, and the average policy \$3,000, the association would be called upon to collect \$90,000 annually to pay thirty claims, according to the death rate of selected lives. This would necessitate the levying of about six assessments yearly; but if one-fourth goes into the reserve fund, as stated, and claims are paid in full, as is inferentially promised, another assessment must be

made, making in all seven assessments yearly. This is a reasonable and a fair estimate, with a liberal allowance for the benefits arising from lapses.

If we take the figures of the association, however, with only two assessments a year, we find the cost of a \$5,000 policy in the Bankers & Merchants for two years, at age 40, to be as follows:

Admission fee.....	\$20 00
Medical examiner's fee.....	3 00
Annual dues, two years.....	30 00
Assessments, two per year, \$2.17 per \$1,000..	43 40
Total for first two years.....	\$96 40

The cost of a \$5,000 policy in a regular or old-line life company, at age 40, for two years, is—

Premiums for two years.....	\$243 50
Net value of policy at end of two years.....	146 55
Actual cost.....	\$96 95

The policy in the regular company has a cash value; the policy or certificate in the Bankers & Merchants has no value, except as a claim. The difference in favor of the Bankers & Merchants is 55 cents; the difference in favor of the regular companies is the promise and ability to pay the \$5,000. The man who insured in the Bankers & Merchants during these two years, or who now insures in it, takes a gambler's chance. His beneficiaries, under very favorable circumstances, may collect the face of his certificate, but they probably will not. The association does not contract to pay the amount of the certificate. The member pays as much for temporary insurance, and the counterfeit insurance at that, as he would have to pay for temporary insurance of the genuine kind.

The death rate of the association thus far has been exceptionally favorable; it will be much higher. If, as we have assumed, there will be seven assessments annually, the annual cost of a \$5,000 policy at age 40, less the introductory fees, will be \$171.05, or \$49.80 more than the cost in a regular life company. We repeat that seven annual assessments, on the average, is a very low estimate. At age 40 the expectation is 28. The association virtually undertakes to pay the member's beneficiaries \$5,000 at the end of 28 years. At \$2.17 per \$1,000,

which is the rate advertised, the amount per assessment would be \$10.85. At seven assessments per year the 40-year-old initiate will pay the association, during his life expectation of 28 years, the sum of \$2,126.60, or \$75.95 yearly. His dues are absorbed by expenses. The association receives from this 40-year-old initiate, during his estimated life, \$2,126.60 for insurance, and it undertakes to pay to his beneficiary \$5,000, or over twice the amount received from him. How can the association do this? Its income is derived from the members. It has no assets earning interest. Its reserve fund, which can never be large, has yet to be created. Any income from the investment of that fund, when created, will be a mere bagatelle. We can therefore safely say that if the association promises that the assessments shall not exceed seven per annum, it engages to repay its members more than twice the amount they pay the association; and if it levies the seven assessments, the member will pay, including his annual dues, about as much for temporary insurance as it would cost him in a regular company, under a definite contract.

#### Reserve Fund.

Twenty-five per cent. of all assessment money collected is placed to the credit of a reserve fund. The other seventy-five per cent. is to be used in liquidation of death claims. That seventy-five per cent. of the proceeds of an assessment is really the limit of the association's liability to the member or claimant, whenever the mortuary fund is exhausted. The association merely contracts to pay the member's beneficiaries in the event of his death, three-fourths of the proceeds of an assessment. The other fourth goes into the reserve fund. What is this reserve fund for? Its existence is contrary to the theory of co-operative insurance. It is an unnecessary fund. Instead of being an element of strength, it is an element of weakness. It is not secured, and must always tempt the cupidity of the managers. There are no provisions for the disposition of this reserve fund in the event of the dissolution of the association. It will be in the possession or under the control of the managers or proprietors of the

association; and possession, in this case, will be ten points in law. The existence of a reserve fund, therefore, is a temptation to the management to kill the association and appropriate the fund, and the strength of the temptation will depend upon the size of the "pile."

This needless and unsecured reserve fund is not merely dangerous encouragement to dishonesty or a loose management. It is an unjust tax upon all the members without any benefit in return. They pay not merely the actual cost of their insurance, but 33½ per cent. in excess thereof, besides expenses. The members create a fund over which they have no control, and in which they have no tangible nor real interest. They are merely credited with a pro-rata of the accumulation of the reserve fund in excess of their 25 per cent. contributions. The association in its advertisements does not state what the reserve fund is for, but as the plan is an exact copy of a New York co-operative, we suppose the fund has a similar use. The New York hat-passer proposes to apply the reserve fund to the payment of losses in excess of the American Experience Table of Mortality. If ordinary care is taken in the selection of lives, the San Francisco hat-passer will never be called upon to use the reserve fund, and it will go on accumulating until the managers can retire with a fortune. The Bankers & Merchants, with such a reserve fund, is a very clever scheme.

#### Assessments.

The association has been in existence only a short time, but it has already found it necessary to advance its assessment rates 20 per cent. The assessment at age 40 has been advanced from \$1.80 to \$2.17. This enables the association to make a better showing at the end of the year, in the number of assessments levied; but it leaves the earlier members liable in law for a less sum than the later members. The assessments levied thus far in the career of the association have not sufficed to pay all claims in full, but the managers very shrewdly advanced the deficit, taking chances of getting their pay out of future assessments, or the reserve fund. The payment of the claims

has been a winning card for the association, the public being ignorant of the fact that the assessment proceeds were insufficient. The first death, that of Joseph B. Hyland, occurred in May, 1886, but it was not until October that the \$5,000 claim of the widow was paid. The assessment levied to pay that claim yielded less than \$2,000. While the death rate has been exceeding low thus far, and the paying abilities of the association hardly tested, two suits of claimants have already been brought—one in Texas for \$5,000 and one in San Francisco for \$10,000. Judgment against the association has been entered in a Texas court. Whether these claims were resisted because the association was unable to pay them, or a considerable portion of them, the reader can determine for himself.

#### False Figures—Expenses.

The Bankers & Merchants prints a table of premiums charged by the regular life companies, and divides the premiums into expenses, death losses and reserve. The table is misleading. No allowance is made for the average 25 per cent. dividend discount from the loaded premiums. The design in the publication of these figures is to popularize the assessment plan of insurance, and to prejudice the public against legitimate life insurance. Here is a specimen of the fustian and lying literature of the association, based on the false figures they print:

Column No. 2 is for annual expenses, and it is sufficiently large to permit of extravagant salaries, enormous commissions, official perquisites, office palaces, palatial mansions, princely fortunes and luxurious ease—rivaling in splendor the princes of the Orient. Who foots these bills? The policyholders, allured by the plea of skillful agents, whose hearts bleed for the widow and orphans!

The hearts of Mr. Badlam and his associates "bleed for the widows and orphans," too; and so they charge a good round sum for their unskillful services, and exact, besides, 25 per cent. of the mortuary assessments. The expenses of the old line companies average about 15 per cent. of the premium. Take, for example, the expense account of a \$10,000 policy at age 25. In the Bankers & Merchants the expenses are—

Admission fee.....	\$30 00
Examiner's fee.....	3 00
Annual dues.....	30 00

Cost for first year.....\$63 00

The expenses in a regular life company for the same sized policy, and a first-class article of insurance, at age 25, would not exceed \$29.83, or 15 per cent. of the premium. The cost in the Bankers & Merchants, after the first year, is \$30 annually, or more than the same sized policy, at age 25, in the old line company.

#### References.

The references of the Bankers & Merchants are first-class. Such men as Hon. Leland Stanford, D. J. Staples, J. C. Flood and Jno. W. Mackay are referred to. The natural inference is that these men endorse the association as well as its President, Mr. Badlam. The agents of the association present the matter in that light, and the public generally look upon these prominent references as sponsors, morally at least, for the financial integrity of the association. It is a great error to suppose that the references of any co-operative endorse its plan of insurance or its staying powers, but it is a pernicious and widely prevalent error. Permission to use the names is usually given out of personal friendship or in consideration of favors received or expected. Sometimes names are used without permission. A great deal of harm is thus accomplished. Many persons are persuaded to join fraudulent or failing co-operatives because of the prominent references who ostensibly endorse them. The Peoples Life and the California Life associations advertised long lists of distinguished references, but they failed. The nasty Universal Benevolent Association of San Francisco referred "with permission" to the President of a San Francisco fire insurance company, to an ex-Chief Justice, to an Ex-Governor, and to leading business men. The Universal Benevolent, which failed three years ago, was a thieving, swindling co-operative of the very worst type.

#### Use of Names Unauthorized.

Knowing that it is seldom or never the design to indorse the association thus using

their names, we last month addressed letters to several of the references of the association, and also to several prominent members whose names are printed as endorsing the association "by becoming members." Inquiry was made whether the names were used with their permission, and whether they endorsed the management or the association, or both. Some responded, and others did not. Several kindly called at the office of the COAST REVIEW and informed the editor that they knew nothing of the association or its management. They had become members as a personal favor to the manager or a solicitor. One prominent gentleman said: "I know the association can't last long; all these co-operatives are weak reeds and soon break. But Aleck is a good fellow, and I like him; and so I endorse him, and not his company." Among the letters received in reply to inquiries, were the following:

Letters from Senator Stanford and Others.

SAN FRANCISCO, July 28, 1887.

*Dear Sir*—I am in receipt of your letter of the 27th inst. I was not aware that the Bankers & Merchants Mutual Life Association were using my name, and I have no recollection of allowing them to do so. *I certainly never intended to indorse their plan of insurance*, of which I have no knowledge whatever.

Yours respectfully,

LELAND STANFORD.

Does Not Endorse the Plan.

SAN FRANCISCO, Aug. 1, 1887.

*Dear Sir*—I have yours of the 27th, and take pleasure in replying that my name is used in the connection named *with* my consent, and I am pleased to say that the gentlemen connected with the company are friends of mine, and I firmly believe that their statements to you will be truthful.

I am, very truly,

W. W. MORROW.

He Has Not Heard from Michigan.

SAN FRANCISCO, July 26, 1887.

*Dear Sir*—In reply to yours of the 25th inst., I beg to say that I have a ten thousand dollar policy in the company referred to. I believe the principle of the concern to be a good one, and learn that it is work-

ing satisfactorily in the Eastern States. I have not authorized the publication of my name as a reference, but am happy to say that I have confidence in the management, so far as I know of same.

Very truly yours,

W. H. DIMOND.

Old-line the Best.

SAN FRANCISCO, July 26, 1887.

Dear Sir—In reply to your favor of July 24th, will say that to my best knowledge and belief the company you mention is all right and has paid all policies on deaths so far. I gave them no permission to use my name, but took a policy for \$10,000 from them. *I consider the old-line insurance companies the best*, through more expensive, and would rather have you read the company's prospectus carefully, and rely on your own judgment, than mine.

Cordially yours,

HENRY S. CROCKER.

You Take Your Chances.

SAN FRANCISCO, July 30th, 1887.

Dear Sir—I have your inquiry of the 25th in regard to The Bankers and Merchants' Mutual Life Association. My name was used by the association without any direct authority, although I have a policy in the institution. It is a new concern and seems to be growing under an active and aggressive management. As to its financial soundness or standing I cannot say, not being in a position to know who its backers are. *It is one of those things a man has to take his chances on.*

Yours very truly,

C. C. COLEMAN.

What Mr. Badlam Says.

It is only fair to President Badlam to print the substance of his remarks as to his references, made in an interview with a representative of this journal. Mr. Badlam declares that every gentleman referred to gave permission to use his name, although some of the references may have forgotten it. Mr. Badlam further said that it was not claimed by the association that the references endorsed its plan of insurance. They were referred to as endorsing the integrity of the management only, and not as

recommending the association or endorsing its ability to discharge its obligations and live.

Doing Business Unlawfully.

The amended statute of California requires all life insurance associations "organized for profit" to comply with the insurance law. The Bankers & Merchants was certainly organized for profit. The association has not complied with the laws; it cannot. It is transacting an unlawful business, and may be closed by the courts. "It is one of those things a man has to take his chances on."

### The City Business for Six Months.

According to the quarterly reports of premiums from the city business, the aggregate income of all the companies for the first six months of 1887 was \$1,077,538, or a trifle more than half of the total city business last year. The several classes of companies report considerably larger receipts for the second quarter than for the first quarter, and if the same ratio of gain is preserved, the total city premiums for the year will be about \$2,300,000 for 1887, or an advance of about a quarter of a million. The gains so far indicate the prosperous growth of San Francisco.

We have compiled the following figures from the Patrol reports:

SAN FRANCISCO PREMIUMS—SIX MONTHS.			
Companies.	1st Qr.	2d Qr.	6 Mos.
California.....	\$112,839	\$132,961	\$245,800
Other-State.....	156,147	170,623	326,769
Foreign.....	234,730	270,239	504,969
Totals.....	\$503,716	\$573,822	\$1,077,538

The *News Letter* of July 30 contains an insurance article based on the last quarterly report of city premiums. A table of companies receiving more than \$10,000 is given, and the erroneous deduction is drawn that "it is the big capital that gets the business." For this reason the sapient underwriter of the *News Letter* recommends that the smaller local companies ought to consolidate. We fancy that the State Investment, with \$400,000 capital, which received more city premiums than the Liverpool & London & Globe with \$1,228,200 capital and \$40,000,000 assets, and that the Home Mu-

tual, with \$300,000 capital, which received more city premiums than the *Ætna* with \$4,000,000 capital and \$9,500,000 assets, are at least two of the "smaller concerns" which would not favorably consider the *News Letter's* proposition to consolidate. It is not the "big capital that gets the business." It undoubtedly helps to get business, but less so in a city with local companies than elsewhere. Reputation, business connections, agents, solicitors, and the policy of the company, all contribute to the amount of the city business. It is the policy of some companies not to write largely in large cities, and it is the policy of others to write largely, with due care as to the character and distribution of risks. That it is not "the big capital that gets the business" is shown by the experience of other companies besides the locals we have mentioned. The North British & Mercantile, with over \$3,000,000 capital, had only \$7,161 city premiums for the last quarter, while the Sun of San Francisco, with \$300,000 capital, had \$6,402. The Connecticut, Continental, German-American, Germania, National of Hartford, Orient and Washington, all million-dollar companies, received less city premiums for the last quarter than the Commercial of San Francisco or the Oakland Home, each with \$200,000 capital, and all but the first two of the millionaires had smaller city premiums than the Southern California, which is only a fifth-millionaire. Other examples might be given. The *News Letter* underwriter has proved that there is such a thing as "fighting facts."

#### Overloading.

A local paper says: "According to the statements of some of the sailors on the ship *Glory of the Seas*, which has just arrived from Departure Bay, she was converted into a death trap through overloading. Their assertions are backed up by numerous disinterested parties on the water front. Captain Freeman, for the interested owners, says she was not. The *Glory of the Seas* registers 2,000 tons, and she carried 3,625. Captains of vessels coming from the Coast collieries have admittedly taken great risks lately."

#### The United Friends in Trouble.

A FRATERNAL ORDER \$53,000 BEHIND—  
THE DEATH RATE TOO HIGH—SPEEDY  
FAILURE CERTAIN.

A member of the United Friends stepped into the office of the *COAST REVIEW*, last month, and volunteered the information that "you old line fellows will soon hear welcome news, for our order is in a peck of trouble." He would say nothing more, "for the present," than that the United Friends of the Pacific were fully \$80,000 in arrears and that "secession is always a bad business, and I told 'em so." Later developments confirm our visitor's statement of the serious difficulties in which the order is involved. The dissolution of the order is a matter of only a few weeks' time. With a debt of \$53,000 and a membership of only 3,100, the special assessment of \$17 per member, required to pay the debt, will undoubtedly cause many delinquencies and leave the order still heavily in debt, with a small and dissatisfied membership. These figures are the Secretary's latest. That official admits that 1100 members have left the order since the first of May.

Two or three years ago there was a split in the Order of Chosen Friends, the members on this Coast seceding and forming a separate organization. The seceders styled themselves at first, if we remember correctly, the Independent Order of Chosen Friends, and later, the Order of United Friends of the Pacific. The reason for the secession is said to have been the low rate of mortality of the order on this Coast, compared with the general mortality rate. The friendly and fraternal feelings of the Friends out here were not strong enough to support any unnecessary personal sacrifices in behalf of the less fortunate Eastern Friends. The new order started with all the funds in the possession of the seceding branch, with a large membership, and with the prestige of a very favorable rate of mortality. But the cold selfishness which prompted retirement from the parent organization has received its deserved reward. The death rate has been increasing steadily, and the order is now on the verge of certain dissolution.

Labored efforts to conceal the real state of affairs have been made by the officers, and the discovery of the insolvency of the order therefore comes like a thunderclap from any kind of a San Francisco sky. There has been a studied, dishonest suppression of facts. Nine assessments within three months have provoked inquiries and investigation, and the discovery of \$80,000 in unpaid claims.

### FIRES.

July was was a rather sultry month for the Pacific Coast underwriters. The insurance losses, as reported to us, were nearly \$400,000, the largest for July since 1883, but not much larger than for July last year.

The Ettinger fringe factory loss has not yet been settled. The appraisers have agreed upon \$15,000, distributed among the several companies, as printed below. The appraisalment is not satisfactory to the assured, who claims several thousands more. The matter is still in the hands of the appraisers and adjusters.

The Palmer & Rey type foundry loss adjustment was not satisfactory to the insured, and the matter has been submitted to arbitration. The insured claim \$6,000 for stereotype papier mache matrices. The insurance, under section 3 of the policy, was exhausted "on types, leads, slugs, brass rules, cuts of all kinds and matrices, all kept for use," excepting \$900. The firm therefore claim the matrices to be merchandise and insured under section 5, which covers "merchandise kept for sale;" but it is admitted that these paper matrices have not been kept for sale. They are the matrices of stereotype plates of stories and miscellaneous reading, and are rented to newspaper offices in the interior. Their value is of a temporary character, and the claim is undoubtedly an exorbitant one. Before the companies had refused to recognize this claim, and before the adjusters and appraisers had finished their labors, Messrs. Palmer & Rey rushed into print with a paid paragraph reflecting on the companies. It was an undignified, an unbusiness-like and a foolish act, and if meant

to frighten the companies into paying an unjust claim, it certainly was without its designed effect.

### California.

July 12, Hanford, general fire:

Atlas .....	\$758
National.....	758
Amazon.....	514
American Central.....	514
North German.....	1,815
Hartford.....	953
Prussian National.....	877
Continental.....	2,006
Firemens, Newark.....	1,944
London & Lancashire.....	658
Manchester.....	2,658
Caledonian.....	1,658
American, N. J. ....	658
Howard.....	2,050
Merchants, N. J.....	850
Springfield.....	1,450
German.....	850
Concordia.....	850
Clinton.....	850
Orient.....	500
Washington.....	1,200
Home & Phoenix.....	1,450
Phoenix, London.....	4,400
Scottish Union & National.....	7,153
National, Hartford.....	1,700
Providence-Washington.....	3,233
Commercial Union.....	2,650
South British.....	2,417
State Investment.....	877
Fire Ins. Ass'n, London.....	877
Ins. Co. of North America.....	2,467
Southern, New Orleans.....	1,120
Anglo-Nevada.....	3,530
Firemans Fund.....	550
American, Phila.....	500
Svea.....	907
Sun, S. F.....	2,039
Boston Underwriters.....	1,400
Michigan.....	500
Williamsburg City.....	120
Connecticut.....	4,860
Union, S. F.....	1,639
City of London.....	1,900
Royal, Norwich Union & Lancashire.....	7,012
London, Northern & Queen.....	13,000
Hamburg-Bremen.....	750
Guardian.....	2,415
Westchester.....	2,500
California.....	680
Union, N. Z.....	400
Liverpool & London & Globe.....	1,000

Total.....\$98,417

July 3 Berkeley, frame dwelling:

Oakland Home.....\$100

June 29, Merced, contents of frame dwelling:

Liverpool & London & Globe.....\$192

June 21, Chico, frame building: Westchester.....\$600	July 29, Nevada county, lumber: South British.....\$1,000
July 6, Contra Costa county, contents of dwelling: Guardian.....\$1,200	June 30, Sacramento, carpet "beatery": Commercial.....\$622
July 15, Visalia, dwelling: London, Northern & Queen.....\$3,033	July 24, San Luis Obispo, frame dwelling: Home & Phoenix.....\$1,000
July 27, Shasta county, contents of dwelling: Guardian.....\$400	July 21, San Jose, frame dwelling: Home & Phoenix.....\$322
July 20, Fresno county, farm property: Niagara.....\$1,225	July 4, Santa Barbara, barn and hay: Orient.....\$150
July 4, Lytton Springs, dwelling: London, Northern & Queen.....\$125	July 24, near Livermore, dwelling and barn: Orient.....\$1,435
July 17, San Jose, dwelling: Etna.....\$200	July 4, Sonoma county, dwelling: Hartford.....\$1,000
July 31, Grass Valley, dwelling: Royal, Norwich Union & Lancashire.....\$500	July 23, Haywards, agricultural implements: Oakland Home.....\$330
July 26, near Marysville, frame building and mer- chandise: Etna.....\$2,350	Traders.....134
July 5, Routier's Station, barn: Union, S. F.....\$666	July 6, Lassen county, dwelling: Hartford.....\$1,125
June 27, Weaverville, frame building and furniture stock: Union, S. F.....\$1,500	July 15, Los Angeles, general merchandise: Prussian National.....\$802
July 20, Traver, grain in field: Sun, S. F.....\$200	July 13, Fresno, frame dwelling: Sun Fire Office.....\$600
Firemans Fund.....193	July 12, Marin county, frame dwelling and con- tents: London & Lancashire.....\$3,300
Commercial Union.....800	July 22, Auburn, quartz mill: Home & Phoenix.....\$1,696
July 2, San Benito county, hay-press: Connecticut.....\$245	July 21, El Monte, grain in field: Lion.....\$250
July —, Yuba county, barn: Phoenix, Brooklyn.....\$300	Imperial.....1,750
July 6, Fresno county, grain in field: Firemans Fund.....\$115	July 11, Grass Valley, frame dwelling: German.....\$600
July 30, Redding, general fire: Home Mutual.....\$600	July 11, Fresno county, separator: London & Lancashire.....\$607
Anglo-Nevada.....635	Manchester.....607
July 4, Santa Barbara, barn: New York Underwriters.....\$550	July 4, Grass Valley, frame dwelling: Caledonian.....\$167
July 12, Fresno, dwelling: North British & Mercantile.....\$1,014	July —, California, grain in field: London & Lancashire.....\$280
July 20, Tulare county, grain in field: Ins. Co. of North America.....\$1,100	Hartford.....525
Firemans Fund.....600	July 27, Anderson, dwelling: Lion.....\$800
July 22, Oakland, machinery: State Investment.....\$150	July 6, Contra Costa, frame dwelling and contents: Home & Phoenix.....\$9,600
July 26, Colton, household furniture and dwelling: Commercial Union.....\$100	July 20, Soledad, frame barn: Lion.....\$200
Oakland Home.....600	July 21, Live Oak, frame dwelling: Home & Phoenix.....\$300
July 27, Truckee, lumber and planing mill: Scottish Union.....\$600	July 22, Oakland, frame building: Commercial Union.....\$250
Providence-Washington.....600	July 6, Los Angeles, dwelling and store: Southern California.....\$750
National, Hartford.....600	July 27, Los Angeles, grocery: Southern California.....\$800
Phoenix, London.....2,200	July 4, Redding, general fire: Connecticut.....\$581
Western, Toronto.....1,000	July 1, Red Bluff, frame building: Liverpool & London & Globe.....\$300
Home & Phoenix.....1,000	July 21, Los Angeles, furniture stock: Connecticut.....\$600
Svea.....1,000	July 12, Red Bluff, frame dwelling and contents: Liverpool & London & Globe.....\$1,300
National, Ireland.....1,200	
Anglo-Nevada.....1,000	
North German.....1,000	
Commercial.....1,200	
Sun, S. F.....1,200	
Total.....\$12,600	

**California.**

July 5, Visalia, grain in field:	
Etna.....	\$175
June 20, Chico, general merchandise:	
Etna.....	\$316
July 27, Comptonville, general fire:	
London, Northern & Queen.....	\$5,787
Union, San Francisco.....	6,000
July 21, Los Angeles, brick building:	
Liverpool & London & Globe.....	\$482
July 9, San Joaquin county, grain in field:	
Firemans Fund.....	\$119
July 21, Los Angeles, millinery:	
Phenix, Brooklyn.....	\$250
July 15, Red Bluff, furniture in dwelling:	
Union, San Francisco.....	\$565
July 19, Yolo county, threshing outfit and grain in field:	
State Investment.....	\$782
Etna.....	118
July 25, San Joaquin county, grain in field:	
Insurance Co. of North America.....	\$110
July 22, Oakland, frame hotel:	
Liverpool & London & Globe.....	\$254
July 20, Los Angeles, grain in field:	
Insurance Co. of North America.....	\$220
Firemans Fund.....	166
Union, San Francisco.....	249
July 20, Los Angeles, furniture:	
Hamburg-Bremen.....	\$221
July 22, Tulare, dwelling and contents:	
North British & Mercantile.....	\$600
July 15, Los Angeles, building:	
Firemans Fund.....	\$250
July 24, Ventura county, barn:	
Anglo-Nevada.....	\$200
July 1, Grass Valley, dwelling:	
Home Mutual.....	\$500
July 16, Tulare county, dwelling:	
London, Northern & Queen.....	\$800
July 27, Butte county, dwelling:	
London, Northern & Queen.....	\$1,300
July 25, Sonoma county, barn and bay:	
Phenix, Brooklyn.....	\$700
July 20, Napa county, barn and bay:	
Firemans Fund.....	\$250
July 21, Tehama county, frame barn:	
Liverpool & London & Globe.....	\$400
July 4, Los Angeles, general fire:	
Pacific.....	\$389
Oakland Home.....	757
St. Paul.....	1,331
Continental.....	1,657
Imperial.....	758
Lion.....	758
Home & Phenix.....	234
National, Hartford.....	590
Commercial Union.....	250
London, Northern & Queen.....	3,790
Southern California.....	760
Total.....	\$11,354
July 27, Sacramento, dwelling and furniture:	
Firemans Fund.....	\$681

July 9, California, grain in field:	
North British & Mercantile.....	\$141
German American.....	141
July 2, Los Angeles, saloon:	
Svea.....	\$390
July 26, Colton, dwelling:	
Connecticut.....	\$365
July 18, Wheatland, general fire:	
Howard.....	\$2,640
Home & Phenix.....	580
North British & Mercantile.....	1,500
National, N. Y.....	1,170
German-American.....	1,500
Home Mutual.....	1,800
Firemans Fund.....	1,884
Connecticut.....	1,100
Total.....	\$12,174
July 22, Los Angeles, general fire:	
American Central.....	\$528
North German.....	548
St. Paul.....	309
Lion.....	548
Commercial Union.....	480
Insurance Co. of North America.....	134
City of London.....	587
July 26, Los Angeles, frame building:	
South British.....	\$216
July 24, Los Angeles, general merchandise:	
Anglo-Nevada.....	\$1,500
July 29, Sacramento, frame dwelling:	
Phenix, Brooklyn.....	\$500
July 4, Redding, dwellings:	
Union, San Francisco.....	\$600
July 17, Davisville, dwelling and furniture:	
Firemans Fund.....	\$1,767
July 17, Fresno, frame dwelling:	
Phenix, Brooklyn.....	\$600
Small unreported losses.....	\$16,000
Total California, S. F. excepted.....	\$225,690
July 4, San Francisco, dwelling:	
Union, San Francisco.....	\$210
July 15, San Francisco, fancy goods:	
Southern California.....	\$255
July 13, San Francisco, general merchandise:	
Svea.....	\$1,195
July 3, San Francisco, dwelling:	
Royal, Norwich Union & Lancashire.....	\$113
July 7, San Francisco, saloon:	
Helvetia.....	\$400
July 1, San Francisco, frame building:	
California.....	\$125
July 24, San Francisco, furniture:	
Liverpool & London & Globe.....	\$100
July 2, San Francisco, dwelling:	
Guardian.....	\$113
July 4, San Francisco, frame buildings:	
Transatlantic.....	\$1,262
July 7, San Francisco, frame building and contents:	
State Investment.....	\$295
July 24, San Francisco, brick building:	
London, Northern & Queen.....	\$164

July 11, San Francisco, frame building and furniture:	
State Investment.....	\$471
July 13, San Francisco, dry goods:	
State Investment.....	\$637
July 25, San Francisco, merchandise:	
London & Lancashire.....	\$173
Manchester.....	173
July 24, San Francisco, stock and tools:	
Springfield.....	\$400
July 25, San Francisco, clothing:	
Union, Philadelphia.....	\$900
Springfield.....	700
Concordia.....	700
Lion.....	100
Transatlantic.....	826
New Zealand.....	686
July 19, San Francisco, tobacco stock:	
Oakland Home.....	\$196
July 6, San Francisco, frame building:	
Prussian National.....	\$166
July 2, San Francisco, dwelling and furniture	
Oakland Home.....	\$405
July 28, San Francisco, frame building:	
Prussian National.....	\$263
July 10, San Francisco, brick building:	
Two companies.....	\$176
July 3, San Francisco, dwelling:	
Union, San Francisco.....	\$110
July 4, San Francisco, frame dwelling:	
Commercial.....	\$345
Fire Association, Philadelphia.....	113
July 4, San Francisco, dwelling:	
State Investment.....	\$325
July 20, San Francisco, crockery, etc.:	
Atlas.....	\$726
National.....	436
Pacific.....	725
Prussian National.....	725
Sun Fire Office.....	1,346
Firemans, New Jersey.....	893
Citizens, St. Louis.....	446
British America.....	725
Western Toronto.....	725
Phoenix, London.....	725
Hamburg-Bremen.....	435
London & Provincial.....	1,417
Scottish Union.....	435
July 13, San Francisco, dry goods:	
National, Ireland.....	\$127
Boylston.....	127
Commercial Union.....	570
Royal, Norwich Union & Lancashire.....	1,481
North British & Mercantile.....	725
Union, San Francisco.....	725
New York Underwriters.....	1,451
Phoenix, Brooklyn.....	725
Anglo-Nevada.....	1,861
Guardian.....	1,451
Hamburg-Magdeburg.....	870
Germania.....	725
Total.....	\$10,943

July 5, San Francisco, frame building and merchandise:	
American Central.....	\$1,500
July 8, San Francisco, fringe factory and machinery:	
Liverpool & London & Globe.....	\$3,000
Commercial Union.....	1,500
Anglo-Nevada.....	1,500
London, Northern & Queen.....	1,500
Sun Fire Office.....	1,500
Guardian.....	3,000
Fire Insurance Association.....	1,500
Transatlantic.....	1,500
Total.....	\$15,000
July 24, San Francisco, type foundry:	
National, Ireland.....	\$1,189
Springfield.....	900
Commercial Union.....	1,800
Home & Phoenix.....	1,800
North German.....	1,080
Traders.....	720
Anglo-Nevada.....	900
New Zealand.....	360
Hartford.....	1,133
Sun Fire.....	900
Glens Falls.....	900
California.....	900
Pennsylvania, Philadelphia.....	900
Hamburg-Magdeburg.....	900
American, Philadelphia.....	900
Insurance Co. of North America.....	900
Pacific.....	540
City of London.....	720
Fire Insurance Association, London.....	900
St. Paul.....	900
Oakland Home.....	900
American Central.....	540
Amazon.....	540
State Investment.....	540
Southern California.....	540
Fire Association, Philadelphia.....	900
Atlas.....	594
Howard.....	900
Total.....	\$23,660
July 27, San Francisco, oil works:	
Providence Washington.....	\$2,000
Magdeburg.....	2,000
Hamburg-Magdeburg.....	1,000
July 4, San Francisco, dwelling:	
State Investment.....	\$ 80
June 30, San Francisco, frame building:	
California.....	\$425
July 4, San Francisco, barn and contents:	
State Investment.....	\$815
July 24, San Francisco, pickle factory:	
Prussian National.....	\$548
Sun Fire Office.....	415
Lion.....	829
July 4, San Francisco, merchandise in frame building:	
Continental.....	\$550
Firemen, Baltimore.....	250

**California.**

July 8, San Francisco, brick building and dry goods:

Glens Falls.....	\$650
German, Ill.....	500
Merchants, New Jersey.....	500
Springfield.....	500
Union, Philadelphia.....	500
North German.....	750
California.....	750
Prussian National.....	750
Scottish Union.....	750
National, Hartford.....	225
New Zealand.....	600
North British & Mercantile.....	240
Connecticut.....	750
Royal, Norwich Union & Lancashire.....	750
German-American.....	450
Union, New Zealand.....	600
Anglo-Nevada.....	600
Phoenix, Brooklyn.....	600
Commercial Union.....	750

Total.....\$11,215

July 20, San Francisco, brick building:

London & Lancashire.....	\$178
Home & Phoenix.....	622

July 24, San Francisco, brick building:

Anglo-Nevada.....	\$580
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July 24, San Francisco, frame building:

North British & Mercantile.....	\$246
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July 4, San Francisco, dwelling:

Anglo-Nevada.....	\$117
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Small unreported losses.....\$7,600

Total, San Francisco.....\$100,724

Total, California.....\$326,414

**Washington.**

July 2, Walla Walla, furniture and dwelling:

Phoenix, Brooklyn.....	\$400
Orient.....	400
Washington.....	1,100

July 14, Spokane Falls, machinery:

Etna.....	\$104
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July 5, Walla Walla, dwelling:

Orient.....	\$700
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June 24, Dayton, printing office:

Phoenix, Brooklyn.....	\$1,000
New Zealand.....	200
North British & Mercantile.....	500

July 12, Walla Walla, grain in field:

Anglo-Nevada.....	\$132
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July 4, Tacoma, hotel furniture:

Union, S. F.....	\$100
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July 14, Walla Walla, furniture and frame dwelling:

Firemans Fund.....	\$400
Scottish Union.....	1,500

July 10, Dayton, merchandise:

.....	\$840
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Total Washington.....\$7,376

**Arizona.**

July 24, Prescott:

Fire Ins. Ass'n, London.....	\$1,500
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July 17, Flagstaff, frame saw-mill:

Springfield.....	\$1,000
Howard.....	500
Lion.....	1,500
Traders.....	2,500
Imperial.....	1,500
Svea.....	1,000
Anglo-Nevada.....	2,000
Three Eastern companies.....	5,000

Total.....\$15,000

July 20, Tucson, general merchandise:

Anglo-Nevada.....	\$750
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July 28, Tucson, frame dwelling:

Commercial of California.....	\$569
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Total Arizona.....\$17,819

**Nevada.**

July 20, Eureka, dwelling:

Fire Ins. Ass'n, London.....	\$250
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**Oregon.**

July 22, Portland, stock of furniture:

Transatlantic.....	\$5,000
Union, N. Z.....	2,500
Westchester.....	2,500
Hartford.....	2,500
Commercial, S. F.....	2,500
Anglo-Nevada.....	2,500
Etna.....	1,500
Connecticut.....	1,000

Total.....\$20,000

July 22, Portland, building:

Phoenix, London.....	\$300
California.....	750

July 22, Portland, general merchandise:

Home Mutual.....	\$750
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July 27, Albina, dwelling and contents:

Scottish Union.....	\$600
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July 26, near Salem, frame dwelling:

London & Lancashire.....	\$1,000
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July 27, Salem, oatmeal mill:

Hartford.....	\$1,225
Firemans Fund.....	3,000

July 3, Portland, furniture and dwelling:

Oakland Home.....	\$318
Connecticut.....	239
Home & Phoenix.....	319
Lion.....	488

July 4, Portland, furniture and frame dwelling:

Oakland Home.....	\$1,348
Commercial.....	138

July 5, Portland, store building:

Lion.....	\$500
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July 19, Portland, general fire:

Oakland Home.....	\$1,964
Union, S. F.....	110
London, Northern & Queen.....	110

July 6, Marion county, frame dwelling:

Phoenix, Brooklyn.....	\$393
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July 7, Portland, dwelling:

Home Mutual.....	\$700
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July 25, Salem, dwelling:

Firemans Fund.....	\$643
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July 25, Brownsboro, merchandise:	
Phenix, Brooklyn.....	\$1,000
American, Phila.....	1,000
Total Oregon.....	\$36,895
<b>Montana.</b>	
July 4, Livingston, cigars:	
American, Phila.....	\$238
July 4, Butte, frame building:	
Commercial.....	\$491
July 18, Billings, hotel:	
Western, Toronto.....	\$1,000
Scottish Union.....	500
National, Hartford.....	575
July 13, Miles City, furniture:	
Commercial Union.....	\$300
July 5, Miles City, dwelling:	
Washington.....	\$358
July 14, Glendive, dwelling:	
Imperial.....	\$250
<b>Utah.</b>	
July 1, Salt Lake, slaughter house:	
Orient.....	\$690
Miscellaneous small unreported losses.....	\$5,300
Grand total.....	\$398,456

### NOTES.

The property loss by fire in New Hampshire for the first six months of the present year was over \$1,000,000, or more than in California. The insurance loss was about half that sum. When the stock companies withdrew from the State we heard much of the greater care which would reduce the fire loss; but the New Hampshire experiment with cheap mutual insurance and no insurance, and the extent of the subsequent fire losses, indicate that insurance does not promote fires by encouraging carelessness.

The Pennsylvania Supreme Court has decided that the by-laws of a mutual company are part of the contract of insurance; and further, that in levying an assessment a reasonable amount for expenses and insolvent members may be added. If this legal sauce for the mutual goose is likewise sauce for the assessment gander, the co-operative can levy an assessment which shall cover delinquencies and pay the officers' salaries. But law or no law, a part of the mortuary assessments is always ready to fill any hiatus in the salaries.

#### Good Suggestions.

The San Francisco Fire Chief, in his annual report, makes several valuable sug-

gestions for the security of life and the reduction of the fire hazard. The most important refers to the height of frame buildings used for hotels, lodging and tenement houses. These lofty frames are multiplying in this city, and the recommendation for an ordinance limiting the height is a timely one. Life is not only endangered by these high frames, but property far away, from flying embers. The fire department is virtually powerless to subdue a fire in the upper stories of these cloud-scrapers, and they are consequently a perpetual menace to the entire city. The authorities certainly have the same right to limit the height of buildings, to prevent the spread of fire, that they have to prohibit the erection of frames within specified limits.

#### Nest Feathering.

The late Insurance Superintendent of Ohio recommended hat-passers "as worthy of confidence and patronage in every particular." He is now an officer of one of the associations at a big salary. His official bread cast upon the waters, returned before many days. Such a perversion of official duties as this superfluous and unauthorized puffery of rascality and bastard insurance is a strong argument for the abolition of State Insurance Departments. They seldom are of service to anybody but the office-holder who draws the salary and makes the place serve as a stepping-stone to something more profitable, as the Ohio man did.

#### Received His Reward.

Henry J. Reinmund, the late professional politician and not very able Insurance Superintendent of Ohio, has been appointed comptroller of the Mutual Reserve Fund Life Association. When Superintendent he "examined" the association, and praised it in fulsome language. He now receives his reward for that official puff. Mr. Reinmund, in a letter to the members of the association, refers to his late official position with unnecessary frequency. His vanity is without any reasonable foundation; for, as Insurance Commissioner, he displayed as little ability as could be expected from any man who knew nothing of the principles and practices of insurance. His

ignorance of insurance will not detract from the value of his services to the co-operative.

#### Toasted Women.

At a "ladies' meeting" of the Providence Life Underwriters' Association, the following toasts were responded to: Woman—For whom life insurance was instituted; the greater her charms the larger the business. Woman—We have followed the excellent example of the Society of Friends by inviting her to our counsels. The marriage ceremony—It should be amended so as to read, "with this policy made in thy name," instead of the indefinite phraseology, "with all my worldly goods I thee endow." Woman—Occasionally a hindrance. Woman—The coming canvas-er. Woman—An equal sharer of work, she should be an equal sharer of proceeds. The justice which the law denies a married woman is supplied by life insurance.

#### High Death Rate.

The Mutual Reserve Fund Life Association of New York prints a list of claims paid from January to June inclusive, from which it appears that sixty-five of the 163 deceased members had paid less than \$100 each to the association on certificates ranging from \$1,000 to \$10,000. In other words they had been members only a year or so. This excessive mortality indicates a very loose system of medical examinations; and it partly explains the surprising litigiousness of the association. With 25 per cent. of its claims the subject of litigation on the 1st of January, the present percentage of resisted claims must be considerably larger, if recent excessive mortality is a fair criterion.

The Mutual Reserve is not printing, or Mr. Harper is not printing at the expense of the Mutual Reserve Fund, those remarkable pictures of Mr. Harper which formerly beautified the advertising literature and the subsidized press of the association. Perhaps all the cuts have been shipped to England.

The West and the South are addicted to the use of sectional names for hotels and corporations, as the Southern or Western

hotel or insurance company. This sectional spirit does not exist in the North and East, where there are no Northern or Eastern hotels, factories, or corporations. The older and more populous sections of the Union have outgrown such a childish and narrow spirit of locality.

The Fire Insurance Association of London has appointed David Lawrie manager. Mr. Lawrie is an experienced underwriter.

### LOCAL MISCELLANY.

#### Books and Pamphlets.

Papers Read Before the Insurance Institute of Victoria, session of 1886. Quotations from some of these papers have already appeared in this journal.

Report of the Michigan Joint Committee on Life Insurance Companies.

The Boston Insurance Directory for 1887. A Standard work.

Pennsylvania Fire Ins. Rept.; Kansas Ins. Rept.; Massachusetts Life Ins. Rept.; Kentucky Ins. Rept.; Minnesota Ins. Rept.; Michigan Ins. Rept. Insurance Directory of New York and Suburbs, by the *Insurance Record*. It is chock full of useful information.

#### Joined the Compact.

The Columbia and the Northwestern of Portland and the State of Salem have joined the compact. This is a wise and a welcome move on the part of these Oregon companies. It is rumored that the State Insurance Company is to be reorganized, and that a Mr. McElroy, an Oregon official, is to succeed Mr. Cottle in the management. The State has now a paid-up capital of \$50,000, but, in view of its late practices, the mere act of joining the compact cannot be accepted as a certificate of character.

#### Manchester.

The Manchester Fire Insurance Co. of Manchester, Eng., represented by Balfour, Guthrie & Co., and under the management of Geo. W. Spencer on the Pacific Coast, increased its net surplus largely last year. Its surplus to policyholders is \$632,125. The expense ratio is the moderate one of 29 per cent. The assets on January 1st were \$1,324,097. The premium income last year was \$1,222,310. A large and profitable business is done in this field. The Manchester is one

of the old English companies, dating from 1824.

#### National of Ireland.

Referring to the annual statement filed with the California Insurance Department we note that the National Assurance Company of Ireland increased its assets and net surplus last year and reduced its loss ratio. With substantially the same premium income the losses were less. The usual 15 per cent. dividends on the \$500,000 cash capital were paid. The fire department figures of the National are: Assets, \$1,324,631; net surplus, \$398,367; surplus to policyholders, \$898,367; premiums, \$838,480. Messrs. Newhall & Co. represent the National in this field.

#### American Central.

The American Central Insurance Co. of St. Louis can write down 1886 as a friendly year. Assets, net surplus, and premiums enjoyed a little boom, and the losses, in happy sympathy, fell away, leaving a loss ratio of 52 per cent. against 60 and 62 for the previous years. The directors might well restore, as they did, the dividends to their old-time proportions. Well, to come down to exact and prosy figures, the American Central reported \$1,258,001 assets on January 1st, although how the managers resisted the temptation to spend that solitary dollar in the unit column is more than we can fathom. The net surplus was \$222,542, and the surplus to policyholders was \$822,542, which is a good and short way of calling attention to the fact that the company has \$600,000 cash capital. The premiums were \$597,069, an encouraging gain of over 22 per cent. The company does a good business on this Coast, where it is represented by Rolla V. Watt.

#### Economic Fire Office.

The Economic Fire Office of London, a new corporation, has been admitted to California. Messrs. Gutte & Frank have been appointed general agents for the Pacific Coast. The Economic has an authorized capital of \$5,000,000; \$1,875,000 of this sum has been subscribed, and \$350,000 paid up. The manager is John Carswell, a former manager of the Commercial Union.

Mr. Carswell visited this Coast some two years ago, and many of our readers will remember him. The Economic starts off well, under an excellent management, with every facility for the extension of business at home and in all desirable fields.

#### Obituary.

The following memorial was adopted by the Fire Underwriters' Association of the Pacific, at their regular meeting, July 18:

To the memory of our late comrade, Major Geo. W. Burns, who made his last adjustment on the 11th of July, let us record these few poor words. He was prominent in shaping and directing the local affairs of his early home. He was prompt in responding to his country's call for men and means in the dark days of 1861. He was a good soldier, a faithful officer, and an uncomplaining prisoner of war. From this schooling he came to his work in our ranks, bringing courage to the fainting, cheerfulness to the desponding, sunshine to the gloomy. He fell in the discharge of duty, and died as he had lived, full of gentleness, full of hope, full of charity.

Mr. Burns died from the effect of an amputation of a broken leg. He was one of the best field men on the Coast. At the time of his death he was employed by Manager Boardman of the *Ætna*.

#### Fire Patrol.

The San Francisco Fire Patrol has its headquarters temporarily on Mission street, between Second and New Montgomery streets. Excavations for the Patrol's new building on Jessie street, in the rear of the Grand Hotel, have been completed, and it is thought that the new quarters will be ready for occupancy in the latter part of September.

#### Fire Agents' Law Book.

A much needed book has just issued from the press of the *Insurance Monitor* of New York—a hand book of insurance law, designed specially as a guide to fire agents. The contents, which are thoroughly indexed, cover the responsibilities of the agent and his relations to his principals. The price of this useful work is \$2.00; the publishers are Hine & Nichols.

#### Rats!

A recent \$200,000 fire in Alabama was caused by rats nibbling matches, carelessly left near combustible materials.

#### New Agent of the U. S. Life.

Dr. D. Redman of Des Moines, Iowa, has been appointed general agent for the United States Life Ins. Co., for California, *vice* J. W. Howell, resigned. Dr. Redman has represented the company in Northern Iowa for the past four years, and will doubtless push the interests of his excellent company in this field.

#### Southern Insurance Directory.

Brown & Janvier, of the *Vindicator* of New Orleans, have just issued a large, handsomely-printed and complete directory of the Southern States. It excels anything of the kind we have seen, and to all underwriters interested in Southern business the book will be found to be nearly indispensable and always useful. The Directory contains some 350 pages, and is full of descriptions of towns and fire departments, and local and general agencies, and contains many tables of local, State and sectional business, besides valuable papers on hazards peculiar to the South. We cordially recommend the Directory to all underwriters now interested or who may become interested in the Southern business.

#### Sued for Withholding a Fire-box Key.

A singular suit was lately begun in the Superior Court in this city, against a grocerman who has charge of a fire-alarm box key on Larkin street. The plaintiff's house took fire, last May, and when a messenger was dispatched to defendant's grocery to turn in an alarm of fire he refused to give up the key or turn in an alarm himself. The consequence was that the engines were delayed in arriving at the scene of the fire, and the house with its contents was entirely destroyed. The plaintiff claims that if the defendant had turned in an alarm when requested but trifling loss would have resulted.

#### News.

The *Review* of New York, summarizing the principal fires during the first half of the present year, credits "Santa Rosalia" in this State with a \$500,000 fire in June! If our contemporary blunders often in this fashion its "fire record" is not trustworthy.

#### Dividend Investment Life Plan.

The Pacific Mutual Life Ins. Co. issues a semi-endowment policy at the ordinary life rate. It is issued under what is termed the Dividend Investment Life Plan, which permits the insured to realize upon his policy in cash at the end of ten, fifteen or twenty years as he may elect, or to continue it after the expiration of these periods at the original rate of premium. There are other liberal options.

#### Norwich Union.

The Norwich Union Fire Insurance Society, of Norwich, Eng., held its "annual general court of proprietors" on the 5th of last month, and considered the annual report, the principal figures of which have already appeared in the COAST REVIEW CHART. The usual extraordinary dividend of 33.3 per cent. on the \$660,000 capital was paid, and \$165,000 was added to the reserve fund. The assets (\$4,227,092) show a marked increase, and the ratio of losses incurred to premiums declined. The Norwich Union is represented in this field by E. W. Carpenter. The company has \$1,245,466 invested in the United States, of which sum \$662,593 is net surplus. Of the \$2,778,570 premiums, the United States branch contributes only one-fourth.

#### The Northern.

The fifty-first annual meeting of the Northern Assurance Company of London and Aberdeen was held recently in the Scotch town. The premium income for 1886 was shown to be \$2,909,800, a gain of 20-odd thousand. The profit on the year's transactions was announced at \$390,000, in round numbers. Only twice before in the company's history has a larger profit been attained. The Northern has \$1,388,677 invested in the United States, with \$766,755 net surplus. In this field the company is represented by Robert Dickson.

#### What Courts?

An Indianapolis paper quotes "a well-known lawyer" as saying that "the courts have decided that in joining an assessment association 'the debt is then contracted, and not when the debt is payable — at the

death of a member.'” What a pity it is that this “lawyer” neglected to mention the courts which decided thus. What courts were they? We have been looking for such a decision for a long time. It would establish a liability we believe to exist—namely, liability for losses accruing after the member has withdrawn or forfeited his certificate. The Indianapolis paper was merely quoting from the November (1886) COAST REVIEW. The “well-known lawyer” is a figment of the imagination.

#### Average Loss Per Capita.

The following table gives the insurance losses, property losses, population, and average loss per capita, in San Francisco, for the past seven years:

Year ending June 30.	Insurance paid.	Total loss.	Population.	Per capita.
1881.....	\$.....	\$395,478	230,735	\$1 71
1882.....	437,338	729,136	236,000	3 09
1883.....	655,636	890,049	251,000	3 54
1884.....	358,653	564,017	276,000	2 04
1885.....	437,751	586,710	303,710	1 93
1886.....	1,303,347	2,619,179	324,070	7 84
1887.....	567,848	879 219	340,000	2 58

#### Germania Fire.

The Germania Fire Insurance Company of New York, represented by Gutte & Frank, shows up well in its semi-annual statement. Since January the company has gained \$73,077.98 in assets, and \$51,483.50 in net surplus. The present assets are \$2,573,851.60, and the net surplus is \$689,567.35.

#### A Dear Lesson.

Pierce & Warswick of San Diego “put their foot in it” by dividing their commission with the Hotel del Coronado Company in consideration of the full line. Complaint by other agents caused an investigation by General Manager Stillman, who disciplined the rebaters by fining them \$50 and prohibiting them from writing a line on the hotel for one year.

#### Traders General of England.

The Traders General Assurance Corporation, an English wildcat, represented as being a Manchester enterprise, has been doing an underground business in Montana. Its general agency is in some New Jersey town (Jersey City?) and J. W. An-

thony & Co. are the general agents. One Morris Susman, a storekeeper at Wickes, who perhaps couldn't get any other kind of insurance, took out a policy in the Traders General, at the solicitation of W. F. Cummings of Helena. Susman's store burned, and he hunted up Cummings, only to learn that the whereabouts of the general agents was unknown to the local agent, and the claim must be presented in Manchester, Eng., within fifteen days after the loss, according to the terms of the policy. Susman cannot read. Cummings will probably be arrested for transacting “underground” insurance. The penalty is severe.

#### Chips.

—Edwin Hall, Secretary of the Oregon F. & M., was in town last month.

—B. B. Broomell of Salem, Or., special agent for the Imperial and Lion, was in San Francisco during July.

—A few April COAST REVIEWS are wanted at this office, for which due credit will be given.

—J. A. Fairchild of Los Angeles made a flying visit to 'Frisco last week. Mr. F. reports the Southern boom still booming.

—J. I. Underwood of Lincoln, Neb., special agent for the Commercial Union Assurance Co., visited California last month.

—R. M. Anthony has been appointed resident agent at Oakland for the City of London Fire Ins. Co.

—J. B. Mackie, special with the Anglo-Nevada, has been looking after this company's business in Oregon, Washington Territory, Idaho and Montana.

—General Manager Thomas Bennet of the Pacific Mutual Life and Accident Ins. Co., returned last month from the “States,” where he has been for three months, extending the agencies of the company.

—Bernard Faymonville, for the past six years a special agent and adjuster for the Firemans Fund Insurance Company, has been elected Assistant Secretary, filling the position vacated by E. W. Carpenter on the 1st of January last. The election of Mr. Faymonville was a merited promotion.

—110 fire companies are represented in San Francisco.

--The Anglo-Nevada materially increased its city premiums last quarter. The whole business of the company will show a handsome increase over 1886.

—Secretary J. H. Beattie of the Amazon Insurance Company is visiting California, where he will spend about a month's time in pleasure and business combined.

—Messrs. Jacobs & Easton have been appointed general agents of The Insurance Company of Dakota for California, Oregon, Washington Territory, Idaho, Montana, Utah, Nevada and Arizona.

—The San Francisco *Daily Chronicle* is doing some excellent work in exposing co-operative frauds in this city. The life companies should remember this fact when they are distributing their advertising favors.

—The insurance firm of Dohrmann & Lane of Stockton has been dissolved, Mr. Lane retiring. Chalalor Dohrmann will continue the business under the firm name. These gentlemen do the largest fire insurance business of any agency on the Coast outside of San Francisco.

—J. W. Howell has resigned the general agency of the United States Life Ins. Co., and for the present at least has temporarily retired from the *insurance* business. He has become an agent for the Home Benefit Association of this city, a hat-passer with whom we have made the reader familiar.

—A young man in this city, who carries a \$10,000 ordinary policy on his life, says that the sense of providing for his little family is so pure a pleasure that he could not grieve much nor feel that he had incurred a real loss if his policy should be forfeited in his declining years.

—Manager Harrison, of the Thames & Mersey, has removed his office to the reconstructed building at the southwest corner of California and Battery, at 305 California. Messrs. Gutte & Frank's general agency will remove to 303, and Manager Mullins of the Commercial Union will take the corner office in the same building as soon as the decorators have finished.

—Secretary Ayerst of The Ins. Co. of Dakota was in the city last month.

—Henry Hewitt of Portland was married to Miss Susan Piper of the same city, last month.

—Any fire office desiring an active agent at Riverside can find such a one by inquiry at this office.

—We are indebted to J. W. Kinsley of Helena, M. T., for an interesting clipping from a local paper.

—Chas. H. Stewart of Los Angeles, general manager of the Union Central Life, left a piece of pasteboard on the editorial desk last month.

—General Agent J. W. Staples returned last month from a three months' trip through New Mexico, Colorado, Wyoming and Utah.

—Geo. C. Boardman is spending his vacation in Santa Barbara. It is believed here that he will take in a little of the boom which has just struck that heretofore quiet seaside resort.

—A local agent of two of our largest English offices told the COAST REVIEW the other day that the small companies are ruining the business of the large ones. We referred him to a recent article in the *News Letter*.

—Capt. A. E. Magill spent a week in July on the McLoud river fishing and hunting. He reports deer and trout in abundance in that section, the number not materially diminishing during his stay.

—Lottie Shrader and Charles Cotter of Helena, M. T., have been committed by a local magistrate to await the action of the grand jury on a charge of arson. J. W. Kinsley, adjuster, conducted the prosecution as witness and attorney. Thirteen witnesses testified.

—The Pacific Mutual Life and Accident Insurance Company, which was recently admitted to do business in Michigan, seems to be getting a good start in this State. The company had \$90,000 accident insurance on a passenger train running out of Grand Rapids on the Lake Shore road a few days since, and all written at the office of Herrick & Lane, State agents.—*Indicator*.

—The Home Benefit Association of this city has offered to compromise a \$5,000 claim by paying \$1,200.

—The *Insurance Law Journal* for June prints the report of the case of Tennant v. Travelers Ins. Co., taken from this journal, without credit. "They all do it."

—One Pennell, who formerly represented a co-operative association in this city, has engaged in a similar business in San Diego—that is to say, he is selling what he cannot deliver, and does not care whether he delivers, probably. He is charged with selling town lots to which there was an imperfect title or no title at all.

—The transcript of a life application read: "occupation—mender of a brass band." An office boy solved the puzzle by suggesting that "mender" should have been "member."

Wanted, a first class Special Agent to work in Southern Cal. Extra inducements will be offered to the right man. Address, with references,

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Gen'l Agt. Northwestern Mutual Life  
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LT., OF LONDON, ENG.

CAPITAL,	-	-	-	-	-	-	-	-	\$5,000,000
Paid up Capital,	-	-	-	-	-	-	-	-	350,000

JOHN CARSWELL, Manager.

GUTTE & FRANK, General Agents for the Pacific Coast,

307 California Street, San Francisco.

## The City of London Fire Insurance Co.

Limited, of London.

CAPITAL, - - - - - \$10,000,000.

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CAPITAL, - - - - \$10,000,000.

Unlimited Liability of Shareholders.

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# THE COAST REVIEW

A MONTHLY JOURNAL

DEVOTED TO

FIRE, MARINE, LIFE AND ACCIDENT INSURANCE

J. G. EDWARDS, PROPRIETOR,

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## PUBLISHER'S NOTICE.

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Subscriptions may begin with the January number, if so desired. Unless otherwise ordered, however, subscriptions will begin with the current issue.

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Our readers are requested to send us court decisions and newspaper clippings relating to underwriting interests.

Communications, new advertisements and changes in old advertisements should be handed in before the 1st of the month, or as soon after the 1st as possible.

The COAST REVIEW will be mailed about the 8th of the month.

Advertising rates made known on application.

## LAW INTELLIGENCE.

Failure to pay a premium, where credit is granted, does not invalidate a policy.

A new trial of a life case was the result of accepting a juror who held a policy in the defendant company, but who had stated, with the other jurors, that he held no such policy.

The assured transferred the property to a firm consisting of himself and another, and it was held that the sale worked a forfeiture, although it did not affect his insurable interest.

According to a recent decision of the Kentucky Court of Appeals, where a debtor insures his homestead and it is burned, the insurance money, not exceeding \$1,000, is exempt from the claims of creditors, just as the homestead was exempt.

The Iowa Supreme Court recently held that, where the assured were partners, a proof of loss supported by the affidavit of one of them was a sufficient compliance with the provision requiring the affidavit of "the assured." *Meyers v. C. B. Ins. Company.*

The doctrine that notice to the broker was not notice to the assured has been considered established since the decision of the Federal courts in *Grace v. Am. Central Ins. Co.*; but the New York Court of Appeals has recently decided a case in favor of the defendant company, where notice of cancellation was sent to the broker. The two cases were different, however, for in the former the broker held merely a temporary relation with his principal, but in the latter the relation was special and long continued. The broker was really the agent of the assured.

It has been held that a policyholder cannot begin his action within the statutory period, although the company may have absolutely refused to pay the loss, and given notice that it will contest the claim in a court of justice. *Quinn v. Capital Ins. Co.*; *Ia. S. C.*

In a case where the Mutual Reserve Fund Life Association was defendant, already reported in our Digest, the company escaped legal liability by unreasonable delay in acting upon an application. It was accepted, and the certificate of membership was delivered at the residence of the "assured," but in the interim between the acceptance and the delivery the "assured" died. The association, learning the facts, repudiated the claim of the widow, alleging that the certificate had been made out after the death of the applicant, and was never delivered to him, as its terms required. The courts sustained the association, though admitting unreasonable delay in the consideration of application.

During a voyage rats on board the ship gnawed a hole in a pipe used to pump up sea water, and the result was a flow of water into the cargo of rice. In an action to recover damages, the Court of Appeal held that the ship owners were liable, but the House of Lords has just reversed this decision, holding that the work of the rats was a danger, accident, or peril, in the contemplation of both parties that the sea might get in and spoil the rice. He could not think it was less such a peril or acci-

dent because the hole through which the sea came was made by vermin from within the vessel and not by a sword-fish from without.

Heavy first and second mortgages existed on a mill in Glasgow, and each set of mortgagees had taken out separate policies in different companies to cover respective interests. A fire occurred, destroying the mill, and the damage was agreed as being without question not more than £5,668. The first mortgagees, having the prior right, laid claim to this sum, and by a previous action recovered from their offices the full amount. The second set of mortgagees then put in a claim under their policies for £560 as the loss they had sustained in consequence of the fire, and they have been declared entitled to it by the Scottish Court of Session. This decision made the companies liable, not merely for the loss by fire, but for the loss incurred by the mortgagees. There may be Scotch sense in this judgment, but there is none of the common kind.

#### Digest of Recent Insurance Decisions.

##### Fire.

*Kelley v. Humboldt Fire Ins. Co.*; *Pa. S. C.*

**VIOLATION OF A PORTION INVALIDATES AS TO THE WHOLE.**—The defense was that some of the conditions of the policy had been violated as to a portion of the property destroyed, and that as the contract was entire the violation affected the insurance upon the whole. *Held*, The contract was entire, subject in all its parts to the condition imposed by the insurance company, and that a violation of one of the conditions of the policy as to part of the risk affected the entire.

*Meyers v. Council Bluffs Ins. Co.*; *Ia. S. C.*

**REPRESENTATIONS.**—An application in respect to the value of the stock insured, was as follows: "Cash value, \$4,000. How often do you take account of stock? Annually. When last taken? Just commenced. What was the amount? Stock will be from \$4,000 to \$5,000." *Held*, That parol evidence was admissible to explain this application, by showing that,

although the stock on hand at that time was worth but about \$1,700, it was the intention of the insured, communicated to the company's agent, to immediately increase the stock to the value stated in the application, and that, as so explained, the statements were not a warranty of present value, and did not constitute fraudulent representations.

Home Ins. Co. v. Gwathmey; Va. S. C. A.

#### WAREHOUSE POLICY—DOUBLE INSURANCE.

Defendants in error had a policy indemnifying them "against loss or damage by fire to the amount of \$5,000 on cotton in bales and general merchandise, their own, or held by them in trust or on consignment, or sold but not delivered, contained in" a warehouse. The policy permitted concurrent insurance, and insured only the interest of the insured in the property, and there was a proviso that goods held on storage must be separately and specifically insured. Defendants were warehousemen, and their depositors, by reason of this provision in their policy, had taken out separate policies. The company paid the warehousemen their loss under the policy, which was a part only of \$5,000; but as the companies which had insured the depositors refused to pay them until they had exhausted their remedies which these companies maintained the depositors had under the warehousemen's policy, the firm brought suit upon their policy for the benefit of the depositors and at their cost, disclaiming any demand for themselves. The trial court rendered judgment for them for the benefit of the depositors for the contributory rate, upon the principle that the company was bound for contribution, the insurance being double upon the goods destroyed, and greater than their entire value.

*Held*, That there is no more reason for claiming a strict, liberal compliance with a policy's terms, than in ordinary contracts. Full legal effect should always be given to it for the purpose of guarding the company against fraud and imposture. Beyond this substance would be sacrificed to form, words would be followed rather than substance. In this case the depositors, not relying upon the warehousemen's policy,

did, specifically and separately, amply secure themselves as to their own goods, and they make no contention here except as they are required for contribution; and it was offered by the defendant to prove that it was the understanding all around that the warehousemen did not undertake to insure their depositors, nor did the depositors understand or claim that they were in anywise concerned in the warehousemen's policy; but this offer was excluded and the jury instructed that the insurance taken out by the warehousemen, after deducting their own loss, was double insurance, and was liable to contribute to the depositors' losses. Double insurance may be defined to be additional and valid insurance, prior or subsequent, upon the same subject, risk, and interest effected by the same insured, or for his benefit, and with his knowledge and consent. Owners of different interests in the same property may insure separately their interests. Here the plain words of the policy exclude any liability for the goods of the depositors. It is limited to the interest of the warehousemen, and the indemnity is not to exceed their interest. If we are to confine our action to the enforcement of the contract as made by the parties to it, there can be no contribution; there is no double insurance here. We certainly do not propose to make a contract to support the views of the other companies. The company has paid the warehousemen's loss, and there can be no further claim made upon it. The depositors can recover upon their policies, and the judgment must be reversed.

Stone v. Franklin Ins. Co.; N. Y. S. C.

NOTICE OF CANCELLATION. — Policy provided for its cancellation upon return of pro rata of premium. The premium was never paid, although credit was given the broker. *Held*, That notice of cancellation destroyed the policy, although there was no return of a pro rata of the premium. *Held*, That notice to a broker of the cancellation of a policy of insurance which he had procured, is notice to the insured, especially where the broker had been the agent of the insured for two years previous, with a good deal of discretion in procuring

insurance; where the policy was carried upon his credit, and remained in his possession until cancelled, and where for more than three months after the cancellation of the policy, and the destruction of the property insured by fire, the principal seemed to recognize in all his acts that the notice of cancellation to the broker was binding upon him.

*Cuthbertson v. N. C. Home Ins. Co.; N. C. S. C.*

**OWNERSHIP.**—The assured built a gin-house on another's land, which he had leased for a term; and it was agreed that at the end of the term the house should belong to the lessor. Half the term had expired at the time of the loss. He also purchased an engine, boiler and other machinery under a written contract by which the title was to remain in the seller until the payment of the price; and only part of it had been paid at the time of the application and at the time of the fire. *Held*, That the assured was not the sole and undisputed owner of the gin-house, engine, boiler and machinery, as he had represented and warranted in his application, and the court was justified in directing the jury to find against the assured. *Held*, That a misrepresentation in the application as to title to a certain portion of the insured property avoids the contract as to all the property covered by the policy.

*Mutual Mill Ins. Co. v. Gordon; Ill., S. C.*

**AMBIGUOUS QUESTION.**—A party seeking to insure mill machinery, and shafting, gearing, etc., in his mill, was required to answer this, among other questions: "What is the present cash value of the property to be insured, exclusive of land and property not specified," and he answered \$25,000, which was the value of the entire mill property. *Held*, That the question being somewhat ambiguous, should be construed more favorably for the assured, and that he had reasonable ground for believing he was called upon to give the whole value of the property, including the land.

*Wales v. Bowery Ins. Co.; Minn. S. C.*

**LOSS UNDER ANTEDATED POLICY.**—The defense was that the agreement to insure was not entered into until three days after the property was destroyed, of which fact

plaintiff had knowledge at the time, but withheld the information from the company who made the contract and executed the contract in ignorance of the loss of the property. In order to make the insurance continuous with another policy which had expired on the 13th, the new policy (though in another and different company) was dated back to the 13th at noon. *Held*, That where property has been destroyed by fire before the application for insurance was made, and the terms of the contract agreed on, and the insured knew the fact, but did not communicate it to the insurer, who accepted the risk and issued the policy in ignorance of it, the policy is void, and will not cover the loss, although antedated as of a date prior to the destruction of the property.

*Dreyfus v. Marks; La., D. C.*

**IRON-SAFE CLAUSE.**—This clause is in substance an undertaking or promise by the insured to keep a set of books, showing a complete record of all the business transacted, including purchases and sales for cash or on credit, together with the last inventory taken of said business, and a further promise to keep such books and inventory securely locked in a fire-proof safe at night, and at all times when the store mentioned in the policy is not actually open for business, or in some secure place not exposed to a fire which would destroy said store, and to produce such books and inventory. In the event of failure to produce the same the policy shall be deemed null and void and no suit shall be maintained thereon for any loss.

The decision of Judge Taylor of the Louisiana District Court was as follows: The language used in expressing the clause in question is free from any ambiguity and must unquestionably be viewed as a promissory warranty. It is certainly not a statement of an existing fact communicated to the insurers in order to enable them to determine whether they would enter upon the contract and upon what terms. It is not an agreement collateral to the contract of insurance or one preceding or following it. It is a part of the contract itself and is in the nature of a condition precedent to a

right to recover, and the party whose rights are dependent upon such a condition must show that he has performed it. May, section 156. The parties made their own contract and it is a law unto them. R. C. C., 1,901. The court cannot add to or detract from it, or say that this promissory warranty shall not be enforced, because it is not material to the risk. It is enough that the parties agreed to it, however unprovided or immaterial it may be.

In my opinion it was a reasonable and material condition, and whether it be viewed as a warranty or a mere representation, this is plain that it must be substantially true and correct; *i. e.* that, in so far as it was executory in imposing on the assured an obligation to do certain things, it must be substantially complied with. May, section 156. Did the assured keep such a record of his business as this claim required? It will be perceived that it does not demand that he shall keep a full set of commercial books. He is only required to keep a record of his business, which he might as intelligibly, although not as conveniently, have done in one as in a half dozen of books. He was a country merchant to the knowledge of the insurers, and it is a notorious fact that a full set of commercial books is rarely kept by this class of dealers. But the contract required him not only to keep but to produce this record in case of a loss, and in order to enable him to produce it, he was further required to keep it in a fire-proof safe, but in case he had no safe he was allowed to deposit it in some secure place not exposed to a risk which might destroy his store.

Does non-compliance with this clause annul and avoid the policy? The authorities cited in the previous part of this opinion are unanimous that there must be a substantial compliance with a promissory warranty, and some of them go further and say that a compliance must be literal and exact. May, sections 156, 157, 183, 104, 195; Flanders, sections 226, No. 210; Wood, sections 166, 164, 165; Daer, p. 636.

Our own law is in accord with the principles laid down by these writers. It recognizes the distinction between affirmative

and promissory warranties, and considers either as a condition precedent. On the non-performance of the promissory stipulation the contract becomes void and is incapable of producing any obligation between the parties. In this and in other States of the Union such a stipulation must be literally performed. It follows that it is immaterial to inquire whether the loss was occasioned by a breach of the warranty or not; the insurer having failed to comply with the conditions on which the insurer agreed to bind himself, the latter is discharged from all responsibility. *Goicoechea v. Insurance Company*, 6 N. S. 51; *Cuculla v. Insurance Company*, 6 N. S. 11. These were cases of marine insurance, but the same principles govern in cases of fire insurance. May, section 1727; Wood, section 2.

#### Marine.

*Wilsons v. Owners*: H. of L., July 15.

PERILS OF THE SEA—COLLISION.—We think it clear that the term "perils of the sea" does not cover any accident or casualty which may happen to the subject matter of the insurance on the sea. It must be a peril of the sea. There must be some casualty, something which could not be foreseen, as one of the necessary accidents of the adventure. The purpose of the policy is to secure an indemnity against accidents which may happen, not against events which must happen. It is said that the words "perils of the sea" occurring on a bill of lading or other contract of carriage must receive a different interpretation from that which is given to them in a policy of marine insurance; that in the latter case the *causa proxima* alone is regarded, whilst in the former you may go behind the *causa proxima* and look at what was the real or efficient cause. If that which immediately caused the loss was a peril of the sea it matters not how it was induced, even if it were by the negligence of those navigating the vessel. It is equally clear that in the case of a bill of lading you may sometimes look behind the immediate cause, and the ship owner is not protected by the exception of the perils of the sea in every case in

which he would be entitled to receive on his policy, on the ground that there had been loss by such perils. But I do not think this difference arises from the words "perils of the sea" having a different meaning in the two instruments, but for the context or general scope and purpose of the contract of carriage excluded, in certain cases, the operation of the exception. I am unable to concur in the view that a disaster which happens from the fault of somebody can never be an "accident or peril of the sea," and I think it would give rise to distinctions resting on no sound basis if it were to be held that the exception of perils of the sea in a bill of lading were always excluded when the inroad of the sea which occasioned the loss was induced by some intervention of human agency. I have arrived at the conclusion that the case of *Woodley v. Mitchell* cannot be supported. It was contended by the learned counsel for the appellants that if your lordships should take this view the judgment ought to be entered for them. I concur in this. With the authority of *Woodley v. Mitchell* in their favor, when once it was admitted that the accident was not inevitable, it was as faultless for the respondent to give evidence of the negligence of the appellants as it was for the appellants to seek to cast the blame on the other vessel.

*Thames and Mersey M. Ins. Co. v. Hamilton et al:*  
House of Lords, July 14, 1887.

#### PERILS OF THE SEA—BURSTING OF PUMP.

This was an appeal from a judgment of the Court of Appeal affirming an order of the Queen's Bench Division. The action was brought by the respondents to recover from the appellants, the Thames and Mersey Marine Insurance Company, in respect of damage done to the steamship *Inchmaree*, which the appellants had insured. It appeared that during a voyage the pump attached to a donkey engine had burst, causing the injury; and the question was whether the damage could be said to have been caused "by the perils of the sea," so as to make the appellants liable under the policy. The divisional court held that it was a loss or damage insured against, and the Court of Appeal affirmed that judg-

ment, the Master of the Rolls dissenting, and hence the appeal to the House of Lords. *Held*, That the damage, which arose from the air-chamber of the donkey-pump giving way under an excessive pressure of water, owing to the proper outlet being closed, was not one of the perils insured against, and that the judgment of the court below should be reversed.

*McIlwraith v. Adams*; H C. J., Q B. D.

**PERILS OF THE SEA—CONCEALMENT OF MATERIAL FACT.**—The *Adriadne*, from Rockhampton to London, loaded with fertilizing refuse, was insured for £4,000 by defendants. The policy was on "a cargo of guano." The rate paid was three times the ordinary rate, and this fact was offered by plaintiff in proof of defendant's knowledge of the nature of the cargo. A severe gale, with a high swell, was encountered, and it was soon discovered that the whole of the cargo (refuse from the carcasses of animals) was moving about, dissolving itself into a thin mass, washing from one side to the other with every motion of the vessel. Bad weather continuing, the cargo worked forward, and was finally thrown overboard at the nearest port, by order of the authorities. The underwriters repudiated any liability, alleging that the loss was not caused by a peril of the sea, but was owing to the "inherent vice" of the cargo. Liability was also denied on the ground that the cargo was insured as guano, whereas it was manure. It was contended by the plaintiffs that the "guano" was shipped in a dry (boiled down) state, and that it liquified because the salt water got to it. Seven days after the beginning of the voyage the stuff became a putrid liquid. It was shipped principally in bulk. The defendants said that no sane underwriter, knowing the facts, would have looked at the risk. The jury found (1) That the vessel, when she sailed, was seaworthy and fit for the voyage; (2) That the representations made to the underwriters were material; (3) That the representations made by plaintiffs to underwriters were not correct statements; (4) That the plaintiffs concealed material facts; and (5) That the loss was not caused by perils of the sea.

**Life.**

Mutual L. Ins. Co. v. Watson: U. S. D. C., Ga.

**ASSIGNMENT.**—The widow of insured refused to recognize the validity of an assignment, and sued for the face value of the policy, and 25 per cent. damages and \$200 counsel fees, under the State code. The assignee notified the company to not pay the claim, and the company paid the amount thereof to the court. *Held*, That the company was at fault in not paying or tendering the widow the amount in excess of assignee's claim. *Held*, That as the debt for which assignment was made was for loss incurred in speculation in futures, the transaction was null and void, being nothing more than a wager. Judgment for the widow, with all costs to be paid by the company. No damage was allowed.

Met. Life Ins. Co. v. McTague; N. J. S. C.

**REVIVAL OF POLICY.**—When a policy has been forfeited for non-payment of premiums, and an application for revival has been made and accepted. *Held*, That the original contract with all its terms became reinstated, and there was also incorporated into the contract the new terms expressed in the revival application. A statement in the application for revival that the insured had not been "sick or afflicted with disease" was not necessarily to be inferred to be false from the fact that insured had "a cold." But a statement that insured had not "consulted or been prescribed for by a physician" was shown false by the proof of such a prescription, although it appeared to have been given for "a cold," and the nature of the prescription did not appear.

**Assessment.**

Manly v. Knights: Pa. S. C.

**BENEFICIARY.**—Deceased designated his sister, from whom he had borrowed money, as the person to whom the benefits were to be paid. The deceased left a widow and minor child surviving. The sister paid all dues during his illness up to the time of his death. In an action to determine as to the respective rights of sister and wife the court *Held*, That the sister was entitled to the benefits to the exclusion of the widow; that in the absence of any prohibitory or re-

strictive language in the charter denying to the association the right to contract specially with the member for the payment of benefits to persons other than his widow or orphans, the designation of said sister was valid, and that such contract was not void by reason of necessary implication from the language of the charter.

Price v. K. of H.: Tex. S. C.

**ASSIGNMENT TO COUSIN.**—The assignment of one of a policy of insurance on his own life, to his cousin, who lives with him as an adult male member of the family, and is dependent upon the insured for employment and support, upon an agreement by the assignee to pay the assessments necessary to keep the policy in force, is void as being to one who has no insurable interest in the life of the insured, and as being against public policy, and the insurance money should be paid to the original beneficiaries.

Jackson v. Anderson: K. C. of A.

**ASSIGNMENT.**—Ordinarily policies of life insurance are not assignable, and can not be placed upon the market as promissory note or bank paper; but where a certificate of membership in a mutual benefit association in terms confers upon the member the right to assign the benefit, and the members assign it in exchange for a tract of land. *Held*, That the assignee after retaining it for ten years, can not sue to set aside the contract on the ground that there was no right to assign, and recover the land, especially where it appears that he has not tendered the certificate back to the member, but has allowed it to lapse by failing to pay the premiums.

**The Place of Trial.**

In a suit brought by one Baker *et al.* against the Firemans Fund Insurance Company, the defendant demanded a change of the place of trial to the city and county of San Francisco, wherein the company has its principal place of business. It appears from the complaint that a deed and agreement, constituting a mortgage, were made by plaintiffs and one Barnhart, residents of San Joaquin county. The defendant, which is the assignee of Barnhart, contended—

First—"That the proper county for the trial of this action is one in which the principal place of business of the defendant is situated; and that the case does not come within any of the other specifications of Section 16 of Article XII of the Constitution, or within the proviso to Section 5 of Article VI."

Second—"That by the order of March 23, 1887, the case was actually transferred to the Superior Court of the city and county of San Francisco, and was thereafter pending therein; and that, therefore, the Superior Court of San Joaquin county had no jurisdiction to make the order of March 24, 1887, and the same is void."

Section 16 of Article XII of the Constitution is as follows:

"A corporation or association may be sued in the county where the contract is made or is to be performed, or where the obligation or liability arises, or the breach occurs, or in the county where the principal place of business of such corporation is situated, subject to the power of the Court to change the place of trial as in other cases."

The case was taken to the Supreme Court of this State, and that tribunal rendered the following decision, filed August 13:

By Section 392, C. C. P., actions for the recovery of real property or of an estate or interest therein, or for the determination in any form of such right or interest, must be tried in the county in which the subject of the action or some part thereof is situated.

The land is the subject-matter concerning which the contest is waged, and it is situated in San Joaquin county.

The right or interest of the plaintiffs in this subject-matter, if any, is the question to be ultimately determined in this action. Such being the case, the action was properly brought in the county of San Joaquin, where the land was situated. (*Bush v. Treadwell*, XI Abb. N. S., 27.)

This last case was an action like the present, to have the title to certain real estate declared to be in the plaintiffs, on the ground that the deed conveying title to the defendant was a mortgage, and for a con-

veyance thereof to the plaintiffs, and the Court held that under the Code of that State (New York), of which our Section 392, C. C. P., is an exact transcript, the action should have been brought in the county where the land was situated. It was there that the liability or obligation, if any, arose, within the meaning of Section 16 of Article XII of the Constitution.

There is nothing in this view in conflict with the case of *LeBreton v. Superior Court*, 66 Cal., 27, cited by appellant.

That was an action brought against a trustee, in the county in which he resided, to enforce a trust both upon personal and real property, and the Court held that as the suit was brought to reach personal property in the hands of the trustee, that fact gave the Court jurisdiction.

In response to the second cause of contention by appellant, it may be said that the same question arose in *Wiggin v. Superior Court*, 68 Cal., 398, and was decided adversely to the position assumed by appellant. See also *Hall v. Polack*, 42 Cal., 218.

The order appealed from is affirmed.

### Health Insurance.

This is an age of reforms. The spirit of the "Star-eyed Goddess" is everywhere active, and the lists are thronged with her eager champions bearing every imaginable device. They range far and near. No truth, however axiomatic, no custom, however hoary, can feel itself safe from the most peremptory challenge, and each champion implicitly believes that his particular antagonist is the chief author of all the evils that flesh is heir to. In no department is this activity more noticeable than in the realm of Sanitary Science, and it is its particular lists in which I would fain modestly lay a lance in rest long enough, at least, to ring a challenge upon the shield of that hoary old relic, our so-called system of health preservation, as embodied in our present plan of medical attendance. Is the system of making a physician's income from a family or community depend solely upon the amount of

sickness occurring in it the best that can be devised?

Such, practically is our system. Its philosophy might be condensed in the motto, "Millions for cure, but not one cent for prevention." The astute Chinese, who were discussing civil service reform when our ancestors were building the reed hut and hurling the flint-tipped javelin, are said to pay their medical attendants regularly as long as they enjoy good health, but promptly to discontinue their remittances on the first appearance of sickness, to resume only on recovery—which, no doubt, has arisen from their absurdly attempting to live up to a foolish old proverb of ours about "an ounce of prevention."

The weakness of our present system lies in this one fact, that it gives such an exceedingly limited opportunity for what has been well called "the practice of preventive medicine." No one thinks of consulting a physician until at least "feeling unwell;" and in many instances not until days, or even weeks, of precious time have been wasted, or worse, in trying to "wear the trouble off" or in blindly applying every crude remedy which household experience, patent quackery, or superstition can suggest; all because the ailing one is not "sick enough to call a doctor"—in other words, does not feel uncomfortable enough to be willing to pay more than the price of a bottle of patent medicine for relief. To such an extent has this habit of delaying been carried, that we often find patients hesitating to call us in, just because they are unwilling to admit even to themselves that they are so seriously ill as to need our services. In fact, the abominable phrase "sick enough to need a doctor" has become almost the popular synonym for, at best a serious indisposition, and often a well-developed stage of a possibly fatal disease. The phrase and the feeling it represents ought to be obliterated from the speech and thought of every civilized community. Through its influence we are brought face to face with the legitimate result of months or even years of violation of the laws of our being aggravated by days of neglect or mal-treatment, and confidently expected to

avert the vengeance of outraged nature and undo the work of years in days or weeks. "If I had only been called sooner," is a sadly familiar phrase in our professional vocabulary. To stem or even reverse the current of nature, we are driven to use the most powerful agents, many of them deadly poisons; to call "halt!" in tones which will compel the attention of the most obstinate morbid process; and every few decades a not wholly unnatural wave of popular indignation sweeps over the community, not against itself for living so as to render such drugs indispensable, but against physicians forsooth for prescribing them. Thus the mutual confidence and sympathy which should exist between the profession and the public is seriously impaired, and the interests of both suffer in consequence. Would not a system of constant medical attendance, remunerated alike in sickness and in health, enabling us to give advice of treatment just when we see it is needed, even if unasked, and rendering professional counsel, not only in disease but in health, the first thought, the easiest and most natural thing, the rule instead of the exception—would not such a scheme as this, if practicable, most happily modify the condition of affairs, and prove a long step toward securing the health and happiness of the race?

But suppose ourselves installed in full charge of a case; are we even then freed from the perplexities of our financial system? By no means. If we call too frequently we are accused of "nursing the case," with a view to the fees; if we continue our visits a day longer than seems necessary we are thought anxious to make all we can out of the patient. These unfortunate experiences are only occasional, but they are sufficiently frequent to seriously hamper our activities by compelling us to be constantly on our guard. When the immediate danger is past our patient, blissfully ignorant of the hundred and one pitfalls which yet lie between him and his health, calmly pronounces himself cured and dismisses us. If he escapes a fatal relapse, or we escape the blame of his slow and incomplete recovery, does the trouble end here? These

results would be apparent to any one; but what a prophecy of evil to come can be read in living letters by the eye of the trained observer in the history of many of these half-cured cases, even when their course and termination may have been perfectly satisfactory to the unsuspecting patient and his friends! How many of our most serious and obstinate chronic troubles spring directly from the half-removed result of some acute attack? How often are the germs of evils which will curse generations yet unborn left lurking in the system simply because the subject thinks himself cured and doesn't want to make his bill any larger!

What influence does our present system of attendance give us over the sanitary surroundings, diet, or habits of life of our patients? Almost none. It is true we have the priceless privilege of giving any amount of excellent advice on these subjects, which they may perhaps remember for a week, though usually they regard it simply as a customary and harmless prelude to a prescription, which they regard as the "value received" for their fee. Such an effect has the proportioning of our remuneration to the number of distinct, definite services rendered, had upon the idea of the laity, that many of them have no idea of paying for anything except some such tangible benefit as a prescription or an operation. In some instances we are actually obliged to give a prescription in order to secure the right, in their minds, to claim a fee. They will pay a dollar for a prescription and get the advice thrown in for nothing, and as the immortal "Josh Billings" has sagely remarked, "What people gits fer nothing, thare mitey apt to valoo at about what they give fer it." Over the home life of our patients we have almost no control, or even supervision, until after the mischief (which often might have been averted by a few timely precautions) has been done; and even that ceases almost as soon as we begin to exercise it. What sort of success would we expect from a nurseryman who was not permitted to prune his trees until they were already misshaped to destroy their infesting para-

sites until the foliage was withered, who was not allowed to water them till they began to droop, or enrich the soil about them till they were almost exhausted? And yet this is the relation to the bodies of our patients in which we are practically placed by our present system. The words "cob-bler" and "tinker" are terms of reproach, and yet cobbling and tinkering is about all we are permitted to do to the vital mechanisms of most of our patrons. When we consider this fact in the light of the deliberate statement of Mr. Chadwick, the distinguished English sanitarian, that he can build a city which shall have any required death rate from 3 per 1,000 up (the present average being nearly 18); when we remember that the "white plague of the North," as Holmes aptly calls consumption, which is responsible for the lion's share of our death rate, is more than analogous to the familiar spindling of plants deprived of air and sunlight; that as much as fifty years ago even the layman like Lord Palmerston declared that "for every death from typhoid somebody ought to hang;" that an unfailing specific for malaria, diphtheria, and cholera is contained in a 6-inch drain-tile—in short, that nearly one-half of our existing diseases are preventable—does not readjustment of our relation to the public appear urgently pressing? How would a system of constant attendance at a fixed sum per year or month, including an annual or semi-annual inspection of the residence and surroundings, and review of the diet and habits of life of the family, if practicable, modify the conditions under which we are now attempting to promote the health of the public? The system, in part at least, is in practical operation in the different lodges and benefit associations, in manufacturing establishments and mines all over the country, with generally satisfactory results regarded from an economic standpoint. As, of course, the principle upon which all these plans are adopted is a purely economical one, to get the greatest amount of service for the least possible cost, they could only be expected to be a success in this direction.

The plan which I would respectfully sub-

mit is much wider in its scope, and is briefly as follows: That at the beginning of the calendar year each individual or family should engage his or their medical attendant for the next twelve months, agreeing to pay him a specified annual salary in advance, either in full or in quarterly or monthly installments. The physician, on his part should agree to render any and all professional services required, except operations or manipulations requiring the skill and training of a specialist, for the annual consideration specified which might readily be fixed according to some rate "per capita or per familiam" laid down in the fee bill. The physician should further agree, in consideration of the sum specified, to make an annual or semi-annual inspection of the sanitary condition of the house and premises of his client, and to offer such suggestions as he saw fit in regard to the diet or habits of life of himself or his family; in short, to act as general adviser on all matters of hygiene or therapeutics. The system might briefly, and perhaps not inaptly, be described as a scheme of "health insurance."

What are the advantages which seem to be presented by this plan? In the first place, our patients would have no inducement whatever to delay consulting us; in fact, moved by a not unnatural desire to get their money's worth out of us, would probably hasten to do so at the earliest appearance of discomfort or danger, and thus give us full control of the case at that period in which a "switch" properly taken often saves not "nine" but "ninety and nine." We should have every opportunity to abate or favorably modify the attack, and the value of this vantage ground would be well nigh inestimable.

Later, during the progress of the case, there would not be the slightest danger of any objection to the frequency of our visits; on the contrary, the difficulty would be in exactly the opposite direction, and would constitute for us the principle drawback of the system. In convalescence, we need fear no interruption to those finishing touches which may exercise such a powerful influence upon the future comfort or

safety of our patient, and in the giving of which the master-hand finds scope for the finest and most highly appreciated subtleties of its skill. Above all, it would give us a fair opportunity for the practice of the grand branch of preventive medicine, "the medicine of the nineteenth century," a privilege which under the present system is practically denied to us.—*Woods Hutchinson, A. M., M. D., in North American Review for August.*

### Good Logic.

The following propositions, inspired by the situation in New York, have been issued in circular form over the *nom de plume* of "Tariff."

All men are not honest;

All men are not equal in experience or intelligence;

And therefore, all men are not equal in judgment.

As a natural consequence, all men will not be of one opinion.

*Ergo*, any organization which requires for its existence that all men belong to it, and that all men belonging to it shall be honest, will be a failure.

The question, in forming an association, is not whether or not some men will cheat. There is no question at all as to that.

The question is, will an honest member of the association gain more by the co-operation of the large majority who are honest than he will lose by the underhand methods of the small minority who are dishonest? It is addition and subtraction and the question of a sufficient remainder.

The day for forming organizations requiring unanimous membership has passed forever. The late compact may safely be regarded as the last tariff organization of that kind.

Co-operation is necessary to ascertain proper rates and to secure them when ascertained.

Any plan of co-operation must contemplate the possibility, if not the probability, that some will remain outside of it; or that even if at the time of organization, all companies are members, some will retire

from it so soon as their interests, in their own judgment, require it.

This being the fact, the organization must provide for the defense of the business of its members from the inroads of outsiders; otherwise it may become more profitable to be an outsider than an insider.

To insure permanence, the organization should be so conducted as to make it more profitable to a company to belong to it than to remain outside of it.

If not so conducted, one or more companies will remain outside of it when organized, or retire from it if they become members.

The fence which divides the line of the field of operations between insiders and outsiders must enclose at least the greater portion of the best pasturage.

Provisions for defense must not be vindictive or malicious, or they will lose for the association the sympathy of the insuring public—an important factor.

If, however, the measures for defense are wise and proper, they will have the approval of the intelligent portion of the public.

Outsiders must be placed in the position of being losers by reason of their voluntarily depriving themselves of the benefits of co-operation, rather than of being sufferers because of vindictive or aggressive measures directed specially against them.

If the carrying capacity of outside companies be not greater than one-third of the line of a risk, the inside companies, who alone can carry the whole, can by a discount of 20 per cent. keep outsiders from getting any part of it.

If the associated companies insist upon dealing only with those brokers who will confine their business to the associated companies, they will control all the small risks which those brokers control.

They cannot control the rates of the small risks, but they can easily control the volume, and it is only proper that they should insist on dealing only with association brokers.

There can be no question under such a policy as to which class of companies the majority of the brokers, who are intelligent men, will adhere.

The present system of inspecting risks by surveyors, one for each company, fails to secure correction of faults.

The property holder is independent of any one company and, with less experience than the surveyor, regards important requests as theoretical and impracticable.

The present method secures only initial inspection and amounts to no more than a discovery of faults. It seldom succeeds in correcting them. No supervision, to follow up suggestions by subsequent examination, is possible between the issue of the policy and its renewal.

Supervision is as important as initial inspection, and, under present methods, is lost to the companies.

The time spent by surveyors in horse-cars, covering the distance between two widely separated risks, under present methods, would be sufficient to inspect and supervise twenty risks in the vicinity of the first.

The present force of surveyors if each were entrusted with a district in which he represented all companies, and in which he could do the work for all more easily than for one, would be ample for securing the valuable feature of supervision which is now lost, in addition to effective inspection, which at present is ineffective.

The argument that the present demoralization must be felt sufficiently long to dispose of competition by driving a minority of companies out of business, and by educating those who remain to desire better practices, is fallacious.

If small companies should be killed off (and we believe many of the small companies can live as long as the larger ones, and deserve to live as long) the result will not be a survival of the fittest; it will simply be a survival of the strongest.

It is true that experience is a good teacher, but it has been suggested that judgment is a better one.

"A prudent man foreseeth the evil and hideth himself, but the simple pass on and are punished."

If the offices will have the kindness and thoughtfulness to send us the names of new agents, we shall always be pleased to send them sample copies of the COAST REVIEW.

### The Way They do in New York.

The other day a New York risk on a building occupied for the storage of extra hazardous merchandise was offered to the fire insurance companies. It was directly opposite a risk exactly like it in point of fire hazard, the only difference being that risk No. 1 was out of the dry goods district and No. 2 was in it. While the one rated according to schedule, eighty cents, (and the owner did not demur in paying it, neither did the broker hold back at the prospect of only ten per cent. commission), the risk across the street from the district was knocked down at thirty-five cents, with thirty per cent. commission to the broker. In point of conflagration hazard and exposure, the thirty-five per cent. risk was far worse off than the rated one, for it was surrounded by a dangerous class of specials that never stop burning until they are entirely consumed and make very hot fires, too. Nothing but warehouses surrounded the rated one. Both risks were placed without difficulty. Now from these circumstances one of three facts becomes obvious, viz: the rates in the tariff district are entirely too high or non-tariff rates are altogether too low, or New York City underwriters don't know anything about making rates and take whatever they can get, trusting to luck to make a profit for them. For there is something entirely out of order with the thinking machinery of the New York Insurance Guide if, when this question is propounded: "If one risk is worth eighty cents, what is another one just like it worth?" the answer comes back "thirty-five cents."—*Weekly Underwriter*.

### Royal Insurance Company.

It is a singular circumstance, but one which is well worthy of the attention of fire managers throughout the world, and also of the policyholders in the various fire offices, that, while the fire premium income of the Royal Insurance Company shows a slight annual decrease, both in the years 1886 and 1885, the profits resulting from the fire business show a steady increase. If a conclusive proof were wanted that it is the quality more than the quantity of the fire business which pays, a study of the annual reports of the Royal would conclusively establish this fact. In the year 1884, the

premium income of the Royal was £988,156, upon which it is instructive to observe that the losses were £676,463. In 1885 the premiums had been reduced to £966,107, but the losses had tumbled down to £552,276, being no less than a reduction of £124,187 below 1884, against a reduction of £22,048 in premiums. In the report before us for the year 1886, we find the premiums have again sunk, although only by £11,000, but the losses have also decreased, and to no less an extent than £19,000. The result has been, therefore, that with a steady though small decrease of premium income, there has been an enormous reduction in the percentage of fire losses, which during the past year show something like 56.8 per cent. only of losses to premium income, a percentage, we venture to submit, to be paralleled by very few companies in the world. The results of the operations of the year in the fire department show that there is a surplus on the fire business alone of £120,123, which, added to the interest on the fire fund, makes a grand total of £146,430, which is duly carried forward to profit and loss account.—*London Review*.

### Policy Suggestions.

1. Take good care of your policy blanks, not only because you are responsible for them, and a missing blank might work you inconvenience and embarrassment, but because, also, they may be stolen and used to defraud insurers.
2. Never sign a policy in blank, and leave none in your office, or anywhere, so signed. It is such a carelessness as might make you personally responsible under a policy so signed and fraudulently filled up by an unauthorized party. It is a dangerous practice, as we have had occasion to know.
3. Remember that none but the authorized agent himself can sign to bind the company. He cannot delegate authority to another to sign for him, in his name or otherwise.
4. Never use a *fac-simile* signature for policies or any endorsements on a policy, or to any change or other matter of contract requiring agent's signature.
5. Date and sign, as agent, every en-

dorsement upon or attached to a policy. It will have no force if attached unsigned.

6. Printed endorsements separately made and attached to policies, ought to have, on the line of attachment, the imprint of the agent's office, dating or other stamp, so that one part of the print will appear on the policy and the other part extend over on the attached endorsement, so that a different printed endorsement could not well be substituted. The agent can use his own signature, signing partly on the endorsement and partly on the policy.

7. Never transfer a policy from one owner to another by an *ex parte* endorsement—a practice that is getting too frequent. Use the assignment blanks on the back of the policy. A policy is a contract between the company and the insured, and the agents of the company have no right or authority to act for the assured in transferring his interest to another. Have the written assignment of the policy by assured, to which add your approval, and treat an insurance contract as you would any other written agreement.—*Now and Then.*

### Interesting Correspondence.

THE PRESIDENT OF THE MUTUAL RESERVE FUND AND HIS AFFIDAVIT MILL GRIND OUT A BIG LIE.

Following we print two letters—one from the Kansas Superintendent of Insurance, and the other a reply from the California Insurance Commissioner. The former writes that the President of the Mutual Reserve Fund Life Association of New York made an affidavit to the effect that his hat-passing association had been authorized to do business in California, and, moreover, so authorized as "an old-line company." Mr. Wadsworth promptly informed the Kansas Superintendent that the M. R. F. L. A. had never been admitted to do business in California, and so, of course, had not been recognized as "an old-line company," nor as a hat-passer. Not a great while ago a San Francisco court pronounced the association an insurance company, and not a benevolent order, and subject to the insurance laws of the State. The general agent

was found guilty of misdemeanor, and was fined, and afterward resigned.

STATE OF KANSAS, INS. DEPT., }  
TOPEKA, Aug. 5th, 1887. }

J. C. L. Wadsworth, Esq., Ins. Comr., San Francisco, Cal.

DEAR SIR—Attorneys of the Mutual Reserve Fund Life Association of New York have to-day shown me an affidavit of E. B. Harper, President, to the effect that that association had been authorized to do business in California, and as an "old-line" company. Will you please tell me what the fact is, and greatly oblige,

Yours truly, D. W. WILDER, Supt.

OFFICE INSURANCE COMMISSIONER, }  
SAN FRANCISCO, CAL., Aug. 11, '87. }

Hon. D. W. Wilder, Superintendent of Insurance, Topeka, Kansas:

DEAR SIR.—Yours of the 5th inst. received. In reply I have to say that the Mutual Reserve Fund Life Association of New York has not been admitted by this Department to transact business in this State as an "old line" company, or upon any other line. Neither could it be under our laws, as they have not the net surplus required, computed according to the American Table of Mortality at  $4\frac{1}{2}$  per cent. interest.

I understand they are doing business here, but as assessment companies are not required under our laws to report to this office, I have no official knowledge of it.

Yours truly,

J. C. L. WADSWORTH,  
Ins. Commissioner.

### Not Litigious.

Insurance companies which have any hope of a future have nothing to make by contests except for clear fraud or plain violation of the contract, and the only gain even in these latter cases is in the daunting of the countless other scoundrels who would put forward fraudulent claims if they were not afraid of the long and bitter fight it will take to collect them. There probably never was yet a claim contest, if carried through all the courts, that did not cost more in legal expenses than the amount of

the claim; if the officers were really actuated by a desire to save immediate money at the expense of justice, as charged, they never would think of resisting anything—besides that they may, after spending much money in the fight, have to pay the claim after all. Nor, in the case of all but a small percentage of the companies, is it true that the officers are fighting to save their *own* pockets from depletion; *they* get their salaries just the same, they are not a cent in or out of pocket whether the claim is paid or not; it is of no personal interest to them to beat off a claimant—their only concern is to keep the money paid in by policyholders for those who have a just claim upon it, and not let it be plundered even by widows and orphans whose masculine protector had established no right to any of it. The public needs to use a little common sense in this matter, and remember that a widow (or what is usually the case, the widow's counsel) can make an unfounded and even fraudulent claim just as well as any one else; bereavement is not a guaranty of disinterestedness, nor orphanage a certificate of ownership in a trust fund. It is very natural that a family which might have had \$5,000 if the husband and father had done his duty, and as a fact has nothing, should try to get the money all the same; but it is also not only natural, but perfectly proper, that a company which owes them not a cent should refuse to pay it to them; and it is an outrage that a good magazine should lend itself to blackguardly assaults on them as thieves and blackmailers for protecting their funds from robbery.—*Travelers Record*.

### Communicated.

RED BLUFF, Aug. 20, 1887.

EDITOR COAST REVIEW:

I received one of your extras and am one of the victims of the Bankers and Merchants Mutual Life Association, and also one of the California Life and Endowment Association's, in which my husband and myself are insured, or thought we were.

I see by one of the papers that the Phenix (Brooklyn, N. Y.) Fire Insurance is also

shaky—so I was told—of which Graig & Brown are agents, and they have all my insurance, which is all I possess of this world's goods. You would confer a favor by answering this letter, as I am about to insure again.

Yours respectfully,

MRS. L. H. D. LANGE.

The Phenix of Brooklyn and "Graig & Brown" are all right; the Bankers and Merchants and the California Life are not all right. The nominal impairment of the Phenix, which has been made good by the stockholders, merely trenched upon the \$1,000,000 of surplus to policyholders.

### The Ratio of Contested Claims in Life Insurance.

The *Commercial Bulletin* of New York has collected statistics of the number and amount of the claims paid by the different life insurance companies during the past five years, and the number and amount of the claims contested in the same period. Following are the records of twenty-five companies:

	Claims.	Amount.	Contested.	Am't.
Ætna.....	3,248	\$6,632,020	13	\$53,500
Berkshire.....	326	916,363	..	.....
Brooklyn.....	239	493,720	..	.....
Conn. General..	183	350,480	2	6,500
Conn. Mutual..	5,543	14,100,899	2	10,000
John Hancock.	291	625,740	..	.....
Equitable.....	4,769	18,799,004	3	15,000
Germania.....	1,700	3,097,879	4	10,800
Home.....	601	1,222,530	..	.....
Manhattan.....	1,109	3,220,288	4	32,810
Mass. Mutual..	856	2,066,083	..	.....
Mich. Mutual..	241	466,673	4	15,000
Mutual Benefit.	3,790	11,514,002	9	54,400
Mutual Life....	7,378	26,471,920	13	139,500
National.....	402	2,772,630	..	.....
N.E. Mutual... 1,282		5,231,790	..	.....
N. Y. Life.....	4,034	12,328,598	2	15,000
Northwestern ..	2,225	4,783,417	8	29,950
Penn Mutual... 1,073		2,884,609	5	23,515
Prov't L. & T. 433		1,656,205	..	.....
State Mutual... 352		834,493	..	.....
Travelers.....	688	1,228,665	5	35,500
Union Mutual.. 877		1,882,391	7	33,900
United States... 821		1,535,292	1	2,600
Washington.... 756		2,098,778	1	2,026
Total.....	43,212	\$125,124,419	83	\$479,491

"From this table," says the *Bulletin*, "it appears that during the past five years, out of 43,212 policies that have become claims by death, only 83, or .0018 per cent. have been contested, and of the enormous sum of over \$125,000,000 made payable by these claims, less than half a million, or a trifle

less than .004 per cent, has been contested." These figures completely answer the "Law-suit or Legacy" article, recently published in the *Popular Science Monthly*.

### The Northwestern Masonic Association.

Particular attention is now being directed to this company's operations, from the fact of its refusing to pay a claim on the life of one of our citizens. On the death of the certificate holder, the solicitors for his widow applied to the company for payment, and were advised by the Secretary that the deceased had not paid his last assessment. It appears, however, that he had applied for insurance in another class than those in which he was insured, being an enthusiast in regard to this cheap fraternal insurance, he paid his premium at the time, which is said to be last September. This premium was held by the company until after they received notice of his death, when it was returned inclosed in a letter addressed to the dead man, dated May 2d, 1887, and advising that his application had been declined, beginning "Dear Sir and Brother."

It must have been a great consolation to the man, who had been in his grave just two months, to learn—if he happened to be "hovering round"—that although he had two certificates of \$1,000 and \$2,500 respectively, the larger one of which they had repudiated, and did not feel quite sure about the other, and that although they had kept the initiation fee on account of still another certificate for six or seven months, they kindly returned it to him after his funeral expenses had been paid. I say, what consolation and comfort it must have been to him to know that they have not quite cast him off, but continue to address him as "Brother." What a world of tenderness there is in this, how it must have raised the drooping spirits of the lonely widow! What balm it must have poured into the wounded heart! "Dear Sir and Brother," just think of it!

The thing most to be admired about this blooming concern is the granolithic cheek of its officers, managers and agents, in coming here to do business at all. All

there is about it that is fraternal, religious or benevolent, as provided by the Insurance Act, is its name. It is not under the control of the Masonic body, or any branch thereof. It does not confine itself to the insurance of Masons exclusively.—*Finance Chronicle, Montreal.*

A recent number of the *Chicago Voice of Masonry* refers to this and other so-called Masonic insurance societies in an article entitled "The Abuse of Masonry." The Masonic order should enjoin these associations from the use of the word "Masonic." They are not Masonic enterprises, and their membership is not even confined to members of the order; but if dishonestly managed, or if they fail, as fail they must, the odium thereof must be shared by the order of which they purport to be a branch, and which takes no legal steps to prevent such "abuse of Masonry."

### A Very Important Decision.

Early in the seventies, the Home Insurance Company, doing business in Wisconsin and having taken out a license under the insurance laws of that State, which forbade the removal of any action commenced against a foreign company to a United States Court, in an action commenced against it in a State Court filed a petition for removal of the action to the United States Circuit Court. The petition was denied, the case tried in the State Court and appealed to the State Supreme Court, which affirmed the judgment of the lower court against the company. The case then went by writ of error to the United States Supreme Court. That tribunal reversed the judgment of the Wisconsin courts and held that the privilege of removing a case to a United States Circuit Court, where that court had jurisdiction, was a constitutional right which could neither be taken away by statute nor by agreement in advance to waive it. The decision was rendered by Justice Hunt, but Chief Justice Waite and Justice Davis dissented. This was in 1874. *Insurance Company v. Morse*, 20 Wallace, 445.

For a time insurance companies supposed they were relieved from the effect of State

laws similar to that of Wisconsin, and United States Courts had almost a monopoly of insurance cases. But soon after the decision in *Insurance Company v. Morse*, the Continental Insurance Company removed a case brought against it in a Wisconsin Court to the United States Circuit Court, and for so doing the Insurance Commissioner of that State threatened to revoke its license to do business. The Continental Company sued out an injunction from the United States Circuit Court against the Insurance Commissioner, and that case also went to the United States Supreme Court and was decided in 1876. Mr. Justice Hunt delivered the opinion of the court, while Justices Bradley, Swayne and Miller dissented.

In this case it was held that a foreign corporation did business in a State only by comity of the State; that a State had the power of absolute exclusion of any foreign corporation and could exercise that power without giving reasons therefor, and that as it could act without giving any reason, the fact that it gave as a reason the violation of an unconstitutional law did not invalidate its action.

Under that decision the law appeared to be settled, that while a foreign company had a constitutional right to be heard in a United States Court, it was liable to punishment if it attempted to avail itself of its constitutional rights. The dissenting opinion of Justice Bradley was a vigorous protest against this doctrine, and it is safe to say that a majority of the constitutional lawyers in the United States agreed with that learned Judge. *Doyle v. Continental Ins. Co.*, 94 U. S., 535.

In the case recently decided by the Supreme Court the absolute invalidity of all laws imposing as a condition of doing business in a State an agreement by a foreign corporation not to remove its cases to a United States Court is determined. The decision is so important that we give it in full, and therefore it is unnecessary to state its contents. Under this decision it is believed that the laws imposing licenses in a majority of the States of the Union are absolutely void. The complications which

will arise will doubtless result in further litigation, and this case may be the beginning of a series, the determination of which will finally and definitely determine the relations of foreign corporations to the State, at present a very unsettled question.

The decision was rendered by Justice Blatchford, and as there was no dissent expressed, the Supreme Court is not likely to again change its views. The case (*Barron v. Burnside*, 121 U. S., 186), while it does not in terms reverse, completely emasculates the case of *Doyle v. The Continental Ins. Co.* While its doctrine that a United States Court will not interfere by injunction to restrain the revocation of a license is not disturbed, it is held that the corporation may do business without a license when unconstitutional terms are imposed as the condition of granting one.

This important decision was printed in the June COAST REVIEW, page 433.

### Adjusters' Stories.

#### No. I.

About twenty years ago I was required to visit a remote county in the interior of California, to adjust a loss under a \$4,000 policy. I did not anticipate with any pleasure the long and tiresome journey by stage from Sacramento, for the romance of staging (if there is any romance) had never had any attractions for me, and my taste for beautiful scenery, in which California abounds, had long since been surfeited. I will not weary the reader with any account of the "ups and downs" of my tedious stage ride. I reached my destination at the expiration of two days. The stage descended the last hill at a break-neck speed, as usual, and we rolled into the little village with a grand flourish and a noisy cracking of the driver's long whip over the leaders' ears. The arrival of the stage had been expected or heralded in some fashion, and apparently the entire village, men, women and children, had assembled at the post-office "store," to get their mail and gossip with the driver or messenger. My vanity is quite robust, but it is hardly strong enough to warrant the flattering be-

lief that the town had "turned out" to see the San Francisco adjuster.

It soon became noised about, however, that an adjuster had come to settle "the Frenchman's" loss, and several of the townsmen came in to warn me of the desperate character of the claimant, and to repeat the floating rumors of an incendiary fire. The situation suddenly became interesting if not cheerful. Here I was, in a far-off mining community, where the law had not those terrors for criminals that it is supposed to have everywhere outside of San Francisco. I had to deal with a rough and desperate character at a mining camp several miles away, who was probably an incendiary, and who might have ruffianly aid to support him in any violent action provoked by the thorough investigation I was determined to make. My dreams that night were not as light as my conscience usually justifies.

Forewarned was forearmed, however, and the next morning I hired the champion "bad man from Bodie"—a burly ex-stage driver—to accompany me to the Frenchman's place and aid me in the event of trouble with my incendiary claimant. My protector, who was a powerfully built fellow, strapped a big revolver to his hip, in plain sight. We found the Frenchman, whom I will call Bazairre, awaiting us, or rather awaiting me, for it was evident, as he eyed my slogger in sullen anger, that he was not expecting him.

Bazairre led us to the charred ruins of his store, and one glance showed that so much of the loss was total, anyway. He reported his books all burned, and there was apparently no means of verifying or disproving his claim for merchandise burned. A series of questions did not shake his testimony in the least, and there was no evidence of the incendiary origin of the fire. I was satisfied in my own mind that his claim was a dishonest one, and as he had once before had a suspicious claim, I credited the rumors of arson. But the prospects of proving Bazairre's guilt were slight indeed. He had sworn to an itemized statement. Presently he invited us to take lunch with him in the neighboring

mining camp. As his house was only 200 yards distant, I asked him why he did not ask us to his house. He said the house was locked and the family gone to town. The reply and the manner of the man aroused my suspicions. As we passed the house on our way to the camp, I narrowly inspected the premises and glanced into the windows. In one of the windows I saw a shoe-box, but that was all. It might have been an empty one, used for some domestic purpose, but it confirmed my suspicions that the goods were stored in the dwelling.

Separating myself from Bazairre, after lunch, I spoke to several men about his loss. They threw out several hints which confirmed me in my resolution to search the house. Returning to Bazairre, we walked back to his house. When opposite it, I informed him that I must enter and satisfy myself that he had not concealed the goods therein. He expressed a willingness, but added that I must break the door down, as the windows and doors were locked. I thereupon broke the door down, without further ado, with the aid of a piece of scantling as a sort of catapult. My slogger, with his hand to his hip, watched the glaring and fuming Frenchman, and forbade him to follow me. My search was soon rewarded. In nearly every room in the dwelling I found merchandise stowed away, under beds, in closets, in chests, and the basement was fairly full. In the kitchen I found an old wood-box. It was quite dark in the corner where it stood, and I thrust my hand in to see if it contained merchandise. I drew forth an old stocking filled with gold coin—\$750 altogether. I returned to the Frenchman, and telling him what I had found, and that I would keep the coin, tendered him a check for \$500 in full settlement of his claim, thus retaining \$250 for my expenses for staging, livery, hotels and slogger. Bazairre accepted the check with a muttered oath, on condition that I would not divulge the story. I now tell the story for the first time, it having recently come to my ears that the Frenchman had denounced "*ze dam insurance company*" for cheating him so many years ago. I verily believe that

had my slogger not stood guard over the Frenchman, had I been alone that memorable day, Bazairre would have followed and shot me. I am a trifle hasty in making this statement. I don't think I would have broken the door down, nor entered the house alone.

### Glens Falls Insurance Company.

There is no better managed fire office than the Glens Falls. Its expenses are moderate, its dividends are regular and legitimate, its business is always prosperous and growing, and its assets and net surplus are ever on the upward grade. Its investments are as solid as the management. The book value of the stock is greater than that of any other company in the United States. The Glens Falls is located in a prosperous factory town of that name on the Hudson River, and was organized in 1849. It is "old and tried." It has a net surplus four times as large as its capital, but it has never capitalized a dollar of it, although the interest earnings are three times the dividends. This surplus is pledged under the New York safety-fund law, and cannot be distributed in dividends, and it is therefore literally a safety fund for the protection of policyholders. The Glens Falls is exclusively an agency company, every agent having jurisdiction of his territory. The company is thoroughly conservative, upholds rates, pays its losses promptly, and is popular with agents and patrons.

Messrs. Jacobs & Easton represent this excellent company in this field.

Following are several of the principal figures from the report of June 30: Assets, \$1,562,847; net surplus, \$806,277; surplus to policyholders, \$1,006,277; premiums, six months, \$294,175. Notable gains were made in assets, surplus and premiums. The aggregate gain was \$47,616.

### A Mistaken Policy.

It appears to be the policy of life companies to practically ignore the existence of their co-operative competitors, and leave the herculean and unpleasant labor of fight-

ing them to agents and solicitors. Perhaps it is regarded as undignified or impolitic to recognize the existence of competition from such a source, or to expose the fallacies and failures of the co-operatives. The warfare against the frauds and humbugs is therefore desultory and inefficient. The insurance press, with few exceptions, does excellent work, but its services are not so much as recognized by a discrimination, by the companies, against the non-combatants or semi-co-operative organs. The apologists or defenders of assessment insurance show as many life company's advertisements as the most indefatigable enemy and fighter of sham insurance.

Many enterprising agents second the labor of the insurance press, and pay the cost out of their own pockets. Occasionally a company will venture to place suitable anti-assessment literature in the hands of the workers; but much of such literature has no local application, and deals merely with trite generalities. It is impatiently tossed aside unread. As a rule all the derogatory facts and figures and convincing arguments do not get outside the publications in which they first appear, and must be retailed orally and briefly and unsatisfactorily by the solicitor. His efforts are not seconded by his company. It is therefore not surprising that many solicitors become greatly discouraged, and finally tender their services to any co-operative which pays them better. It is not good insurance they sell for the hat-passer, as the solicitors well know; but there is a demand for the bogus article because it is cheap, and in offering it to the public they encounter no competition. They are not even harassed by the "ubiquitous" old-liner armed with fresh and tersely stated facts, neatly printed and of local interest. If the old-liner has any printed matter, it usually relates to some co-operative in a New York or Ohio backwoods county, which might as well be in the moon, so far as any interest attaches to its shortcomings or failure, in the mind of a Pacific Coaster or anybody else fifty miles away from the home office.

The regular life solicitor, with his genuine article, usually has to prove the value-

of his own wares and the counterfeit character and worthlessness of the cheap wares of his co-operative competitor. Insurance can not be tested like ordinary merchandise—apparel or edibles. It is not sufficient to compare the two articles. If the old-line company fails to supply its solicitor with an abundance of printed facts, of a special and not of a general character, and coldly and parsimoniously leaves him to fight it out alone and poorly equipped, the result cannot be doubtful. The "regular" will become an "irregular," and shout the praises of co-operative insurance as he pockets the shekels of co-operative fools. The companies have been waiting too long for the assessment craze to die out. It will never die out so long as the public remains uninformed of all the facts. The assessment companies have a rotten record behind them, but they are multiplying, despite numerous failures and the daily repudiation of just claims. There is "money in the business," and plenty of coin to bribe legislators. The co-operatives are active and aggressive. They circulate the most false and damaging literature in every nook and corner. They are building a thick and high wall of prejudice against legitimate life insurance. They make and unmake laws at their own sweet will, and taunt the life companies for their impotence.

It is time for the companies to "carry the war into Africa," and have done with defensive and skirmishing tactics. It is not child's play for solicitors to fight the co-operative frauds. It requires hard labor, and application, and nerve and patience for the solicitor to get a decent and honest living out of legitimate life insurance. The men who present the claims of the companies must be encouraged by co-operation, and shielded from the unfair competition of the horde of male and female solicitors for May Be insurance, so far as they can be shielded by liberal expenditures for suitable printed matter, by judicious advertising in friendly publications, and by rewarding the insurance journals according to the extent of their services in fighting co-operative frauds.

### A Disinterested Authority.

WHAT THE COLORADO SUPERINTENDENT SAYS.

Complaints were recently made against a certain insurance company doing business in this State under the assessment plan. The charges made against the corporation were true in part and false in part. It was charged that the companies did not pay to beneficiaries the face of policies or certificate; that agents soliciting business represented the amount of mortuary benefit at so many thousand dollars, while the actual payment made on proof of death rarely exceeded one-third that amount.

The charges against this company, I say, were true in form but not in fact. They are true in form, because agents of this and all such companies represent to the assured that the beneficiary named in the policy will receive a certain number of thousands of dollars, while, as a matter of fact, the policy makes no such guarantee. The charges were false in fact, because the company refused to pay all that its contract called for, and so far as I know, all companies of the kind now operating in Colorado do the same. The agents, as a rule, profess to deliver policies guaranteeing a round sum; the policy itself binds these companies to pay to beneficiaries the net proceeds of one assessment on all certificate holders at time of death. No given amount is guaranteed, and if the assessed pay only a fraction of the sum named by the company's agent, the beneficiary has no recourse.

There is positive bad faith in the matter, and the law allows it. The people reached by this class of insurance are poor, and, in many cases, ignorant; they take out these policies because they are cheap and specious. Not one holder in a thousand ever reads his certificate over, and many of the assured would not understand the conditions of the contract if they did.

They only see \$3,000 or \$6,000 or some other amount printed in bright colors all over the document delivered to them by the courteous agent, and do not see the essential part of the contract, printed as it is in small type, and in an obscure corner of the policy.

### PREMIUM NOTES.

Success in life insurance, as in all other matters, depends entirely upon application.  
—*Weekly Statement.*

Paraphrased.

The best definition of fire insurance that we have seen is, that it is a scheme to keep a man poor as long as he lives that he may lose nothing by fire.—*Cincinnati Prize Current.*

It Doesn't Count.

If there is one thing the life insurance agent likes better than another it is the admonishment that "now is the time to be stirring, and getting more business." "Well," says he, "didn't I get a lot last month?" Yes, but "last month" doesn't count. The important thing is what have you got this month and how much are you going to get next?—*The Statement.*

"Up-Ness."

Our business is fortunately favored in the number and ability of the regular and well-established publications devoted to its interests, and we think an agency is not fully equipped unless it takes and is interested in one or more of these class journals. To be without the current news, information, discussion, literature and *technique* which comes chiefly from this source, is to be without an important essential to "up-ness" in business.—*Now and Then.*

Hurts the Agent.

A knowledge of values is needful for assertion against the natural over-estimate of owners. All agents know the temptations of over-insurance on the part of the insured, but all do not know that nothing is so damaging to an agent and his business as losses on over-insured property, and the uneasiness which is sure to come from an honest effort at a fair adjustment of such losses. The agent is at once blamed by company and insurer and the community, and the matter is sure to have unfavorable comment and discussion.—*Now and Then.*

Locked Stairways.

Not long ago at a large fire in New York, the firemen found their way to the upper stories shut off by locked stairway doors.

To get around the difficulty the fire escape was resorted to, and in doing so one of the firemen fell and was seriously injured. Considerable comment has been caused by this incident and yet it is a notorious fact that locked stairways in the business and manufacturing portions of the city are of common occurrence. More than this, it will be found upon investigation that many such stairways are kept locked while the employees are engaged in their usual occupations.—*Insurance World.*

A Vexed Question.

Wife (reading the paper)—"I see that considerable discussion has arisen among experts as to whether the Metropolitan Storage Warehouse was or was not fire-proof."

Husband—"Yes."

Wife—"Was the building totally destroyed?"

Husband—"Yes; burned to the ground."

Wife (thoughtfully)—"Well, now that it is a mass of ruins, I suppose the matter will be very difficult to determine."

The Tariff.

No individual wants to put money into an industry on purpose to lose it, and with a suspended tariff and demoralization, loss would be inevitable. Such condition would be injurious to the community, since when the same money as is now paid for premiums will purchase three or four times its present amount of indemnity (and that amount could be easily obtained in the reckless scramble for business which would follow a war of rates), the temptation would be great for the dishonest man to overinsure, and in the fire sure to follow, his honest neighbor would be ruined by another's greed. New York city suspended rates about four months ago, and the fire loss has since increased over three hundred per cent.—*W. J. Dutton.*

Assessment Insurance in England.

The essence of the scheme is that the "mortuary calls" are made on the members, according to their age, at the time of levy, and not at the time of their entry into the society. This is its fundamental weakness, and it is a weakness that is irreparable.

ble. This is nothing but a burial fund, and yet these daring invaders have the audacity to tell us that this system is perfection, and that under it life assurance can be effected "at half the usual cost." Our own actuaries, who really have practically perfected life assurance, and brought it up to the dignity of a fine art, look on this system as beneath contempt. So indeed it is, and we have no apprehension in our own minds that it will delude the British public. It is a fantasy, pure and simple. It is a plant which will never thrive on this soil or to be acclimatized in this country.—*The Bullionist*.

#### Flour Mill Hazards.

The principal elements of danger in flour mills are: Explosion, friction, naked lights, dirt, carelessness, over-crowding and structure of building. A dry, hard grain produces fine, dry dust, which hangs in the air in a favorable condition for explosions. A moist, soft grain produces a heavier flour, which readily falls to the floor. A mill where the floors are covered with flour is not necessarily so liable to explosion as the one where the air is laden with dry dust. In cases where the grain is washed before reduction, the liability of explosion is probably reduced to a minimum. In mills situated at a seaport where the grain is received direct from the ship and ground in a hard, dry state, the danger of explosion is probably at a maximum. In Austria, where the mills are fed direct from the surrounding neighborhood, explosions are very rare; this may be in consequence of the uniform moisture of the grain, induced by the extreme regularity of the seasons. In America the winter is noted for the dryness of the air, and the summer for its dry heat. Explosions do not seem to have been the immediate cause of fires, but where a fire has occurred after explosion it has probably originated at the primary cause of explosion.—*Exchange*.

#### April Numbers.

We want a half-dozen April COAST REVIEWS to complete orders for back numbers. Readers having that issue of this journal to spare will confer a favor by sending it to the publisher.

#### Occidental Endowment Association.

One of the rotten successors of the defunct Texas self-endowment swindle is the Occidental Endowment Association of this city. The manager (Ward) was formerly the Secretary of the Pacific Coast branch of the Texas concern—the Mutual Self-endowment and Benevolent Association of America—both dead and of unfragrant memory. A member of the Occidental complains that his assessment come in every 20 days, or 18 assessments a year. He carries a \$5,000 certificate, at a cost of \$100.80 a year, or \$5.60 per assessment. The annual dues are to be added. The cost of the \$5,000 certificate in this catch-penny enterprise is at least \$25.00 more than in a regular life company; the latter has millions to back its promises, and the co-operative has not a round red cent. The ability of the Occidental to get business at these rates is an illustration of the common ignorance of life insurance.

#### Superannuation Funds.

Many English offices are very liberal in their treatment of old and faithful employés. In looking over the annual reports we frequently see some reference to a "superannuation" fund, out of which pensions are paid. It is not merely a benevolent practice, but, we think, one which may be recommended and supported on the ground that the existence and judicious administration of such a fund elicits the best and thoroughly loyal service of employés. This year the Royal Insurance Co. has started such a fund by setting aside £25,000 "for the benefit of deserving officers" in capacitated in long service of the company. The benefits might well include the more humble servants of the company, employed a given number of years. All such contribute to the prosperity of the company in a degree perhaps not properly rewarded by their yearly salaries: but, however well the obligations of a company in this respect may be discharged, the creation of a superannuation fund by a great corporation may be defended, not as a worthy charity, but as an investment designed to stimulate the fidelity of officers and others, and to secure a better service.

## CHESTNUTS.

## Domestic.

The Louisiana Ins. Co. of New Orleans, Runck & Co.'s wildcat, has suspended.

The United Brethren Mutual Aid Society levied thirty-two assessments last year, of \$2.50 each per \$1,000 of insurance, or \$80 altogether, besides dues. The same number of assessments were levied in 1885.

There are over one hundred fatal accidents daily in the United States according to the mortality statistics. Over 47 deaths out of every 1,000 are accidental. More accidents occur in the country than in cities. It is estimated that 80,000 persons daily are ill or incapacitated, from accidental injuries.

The onward march of the Union Mutual Life Insurance Company, of Portland, Me., is attested by the subjoined figures of its new business during the month of July for the past five years:

	POLICIES.	AMOUNTS.
Issues for July, 1883 .....	108	\$219,033
Issues for July, 1884 .....	190	300,023
Issues for July, 1885 .....	160	269,980
Issues for July, 1886 .....	228	458,340
Issues for July, 1887 .....	244	461,952

Following is the program of the coming meeting of the Fire Underwriters' Association of the Northwest:

President Williams' address; annual address, "Something Besides an Insurance Man," Henry Hall; "Meteorology," Lieutenant Jno. P. Finley; "Criminal Fires in the United States," Franklin Webster; "Social Aspects of Fire Insurance," Franklin MacVeagh; "Hostile Legislation, and the Remedy," J. J. Berne; "Relations of Insurance to Civilization," C. C. Hine; "Thoughts from a Lawyer," J. N. Stiles; "Local Agent," Theo. Gurlich; "Should Insurance be Taught in Universities," J. W. Holman; "Benefits of Boards and Compacts," C. L. Whittemore.

The New Hampshire Insurance Commissioner, hitherto dependent on fees, has been granted a salary of \$1,500 a year, out of which he must pay his own clerk hire. In the course of a thousand years his savings may enable him to buy a Los Angeles lot.

Isaac Sweetser, the venerable President of the Washington F. & M. Ins. Co., of Boston, died last month, at the age of 75.

Lyman W. Briggs, the first Vice-President of the Fidelity & Casualty Co., and

formerly Vice-President of the American Surety Co., and if we remember rightly, its organizer, has become insane. He was found standing in a New York street, praying God to forgive all sinners, and crying aloud, "I want all men to be good Christians."

## Imported.

The English High Court of Justice recently decided that the surplus of the premiums received by the New York Life Ins. Co. in the United Kingdom, from participating as well as non-participating policyholders, which is remitted to the parent office, constitutes the annual profits and is chargeable with income tax. The Solicitor-General submitted that the surplus premiums were "profits," and were so described by the company. Apparently the case went against the company because of the unfortunate and incorrect use of the term "profits." The counsel made a very clear case for the company, showing that the surplus to be divided was merely the excess of the estimated over the actual liabilities, and in no sense a profit; but the court ruled that the surplus was a profit because the company advertised it as a profit.

According to the *Osterr. Revue*, the New York Life Office makes more progress in Austria than any other foreign office, and the surplus at the end of 1886 is larger than that attained by any foreign competitor. The published figures of the business during the past year show that the new assurances amounted to 2,363,135 florins, the premiums for which were 108,102 florins. The total sum assured, deducting all claims, etc., at the end of 1886 was 9,172,179 florins and 2,762 florins annuities, the annual premium income on which was 410,358 florins. The premium reserve for the Austrian business had increased during the year by 228,000 florins, and stood at the end of 1886 at \$62,646 florins. The organization and management expenses for the branch were under 20 per cent. of the premium income.

Whiteley, London's great merchant, recently suffered his seventh fire, incurring a loss of a million dollars, without indemnity.

The underwriters long since refused to write on his premises. All the fires are supposed to have been incendiary. Whitley dealt in everything, about, and his facilities enabled him to undersell all competitors, some of whom, it is believed, are the authors or instigators of the numerous and successful attempts to "burn him up." Whiteley's premises, consisting of blocks of stores, covered a great area. Altogether, nine buildings were burned. The boasted fire brigade were either powerless or inefficient, although there were employed thirty-four steam engines, six hand engines, nearly four miles of hose, and 173 firemen. The premises were provided with fire appliances and patrolled by watchmen, but the flames when discovered were beyond control. Several deaths were caused by falling walls.

3,000,000 workmen in Germany are insured under the compulsory accident sick assurance act.

#### The Market for Frame Ranges.

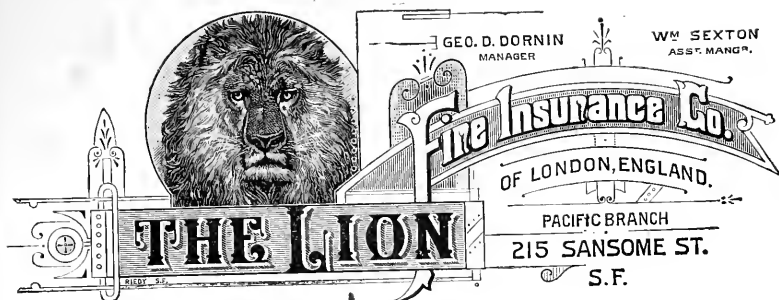
Lately there has been a significantly large number of fires in frame ranges in the "boom" district of Southern California. During a similar boom in the Pacific Northwest, several years ago, many frame ranges accidentally burned, but it was noticeable that they covered valuable ground and were replaced by handsome bricks more in accord with the surroundings. The insurance companies presented a first-class market for the objectionable frames, and over-insurance and the demand for brick stores formed a tempting inducement to that carelessness which is only one remove from arson. Immediately following this general substitution of bricks for frames, the bottom of the boom dropped out, and then the companies became in many instances the only barrier between the merchant and bankruptcy. It is certain that the boom brought additional losses as well as additional premiums to the fire offices, and it is equally certain that the failure of the boom was accompanied by extraordinary fire losses and greatly reduced premiums.

We fear that the experience of the underwriters in Southern California—and in Northern California if the real estate boom

continues to spread—will be as unfortunate as their experience in Oregon and Washington. The circumstances are very much the same, and it is an irresistible conclusion that the results will also be much the same. Already there is an evident disposition to over-insure, and the rapidly advancing values make the frame range of to-day undesirable to-morrow. May there not probably be a connection between these two facts? The abnormal losses are just beginning; the serious times for underwriters, in the boom land, are yet to come, and the climax will be contemporaneous with the puncturing of the bubble of real estate inflation. If the locals down there and the officers up here are extremely careful to prevent over-insurance and to eliminate the moral hazards of the frame range and the embarrassed merchant, the losses may be kept down to a reasonable ratio, if not so low as the present flattering average. But, in view of the past experience in this field during a period of alternate inflation and collapse, it is well to be distrustful and unusually careful as to risks in Southern California for a while.

#### Why Not a Health Insurance Company?

Elsewhere we print an interesting article entitled "Health Insurance." It shows the imperfections of our system of medical attendance. The title is misleading, for the article does not discuss nor even suggest a health insurance company, nor health indemnity of any kind. But the germ of a suggestion is there. A perusal of the article provokes the inquiry, Why could not such a health insurance company be successful? The company might supply limited indemnity without any risk of insolvency, besides providing medical attendance. The interest of the company in the health of its members would thereby be doubly assured. Such a system of "health insurance" certainly has much to recommend it; but it must be admitted that the sanitary and hygienic regulations, however scientific and reasonable, would be objected to by many members as unreasonable and impertinent. It would be quite natural, for example, for a man to object if the



*Subscribed Capital, - - - \$4,125,000 00*

*Capital and Gross Assets, - - 4,712,747 00*

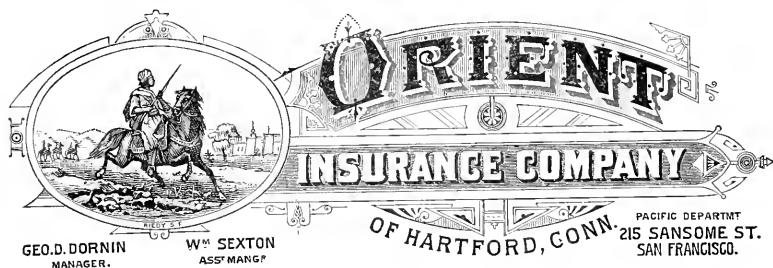
**PACIFIC DEPARTMENT FOR**

**The States of California, Nevada, Oregon, Colorado, the Territories of  
Washington, Idaho, Montana, Wyoming, Utah, Arizona,  
New Mexico, and the Hawaiian Islands.**

**GEO. D. DORNIN, Manager.**

**WM. SEXTON, Assistant Manager.**

*215 Sansome Street San Francisco, Cal.*



*Capital, - - - - - \$1,000,000 00*

*Assets, January 1st 1887, - - 1,604,486 00*

**PACIFIC DEPARTMENT FOR**

**The States of California, Oregon, Nevada, and the Territories of Washington,  
Idaho, Utah, Arizona and New Mexico.**

**GEO. D. DORNIN, Manager.**

**WM. SEXTON, Assistant Manager.**

*215 Sansome Street, San Francisco, Cal.*



1803

# IMPERIAL

FIRE INSURANCE CO., OF LONDON.

(Instituted 1803.)

*Capital Paid in, - - - - \$3,500,000 00*  
*Assets, January 1st 1887, - - 9,658,479 00*  
*Invested in the United States, 1,620,505 63*

## PACIFIC DEPARTMENT

Having Jurisdiction over the States of California, Oregon, Nevada, Colorado,  
and the Territories of Washington, Idaho, Montana, Wyoming,  
Utah, New Mexico and Arizona.

GEO. D. DORNIN, Manager,

WM. SEXTON, Assistant Manager.

215 Sansome Street, San Francisco, Cal.



# WASHINGTON

FIRE AND MARINE INS CO.

OF BOSTON.

*Capital Paid in, - - - - 1,000,000 00*  
*Assets January 1st, 1887, - - 1,949,467 00*

## PACIFIC DEPARTMENT

Having Jurisdiction over the States of California, Oregon, Nevada, Colorado,  
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company should forbid his eating cucumbers or late dinners, or deny him the pleasure of a "little time" with the boys at the lodge; and the ladies would object to any curtailment of their cheering tea, or to a prohibition of an ice cream with a friend on a warm day; but these objectors would not be obliged to remain in the company. They would always be at liberty to withdraw and eat according to the dictates of their own stomach, and swallow quack medicines or take doctors' pills and bills with equally wry faces. By all means, let some enterprising man organize a health insurance company. It will diminish the rate of mortality by improving sanitary conditions; it will promote the health of its members; it will put money into the pockets of its stockholders; it will reduce the number of starving doctors; it will give good positions to deserving men; and it may give the *COAST REVIEW* a new "ad." Upon general and special principles, therefore, we favor the enterprise.

### The Chatsworth Railroad Accident.

The Chatsworth (Ill.) railroad disaster of last month, which resulted in the loss of a hundred or so of lives and the maiming and injuring of perhaps two hundred and fifty passengers, must have cost the accident companies a considerable sum of money if there were any live agents at Peoria and elsewhere on the route of the excursion. No assessment accident company could have incurred such a loss and survived; yet it is probable, any day, for such an excursion party to be largely insured in an assessment company. Fifty policies or certificates could easily be written on the lives of any railway excursion party, and probably are so written frequently; yet there is not an assessment accident company in the land that could pay the losses under those fifty certificates. The assessment accident certificate is not worth much under any circumstances, but to the member of a railroad excursion party, the certificate, for that excursion at least, is absolutely worthless.

The responsibility for this awful calamity is variously placed—upon the officers, the

employés, and the "railway-wreckers" who had pauperized the road. The T., P. & W., although passing through the most fertile and prosperous districts of the West, has always been "a corduroy road," cheaply built, inefficiently managed, and poorly equipped. The managers of the railway system of which the road forms a part have, seemingly, bankrupted it, or kept it in a state of poverty, for personal or other reasons. The results have been ill-paid employés, inferior rolling stock, a road-bed and bridges defective and "out of repair." So far as this condition of affairs contributed to the terrible accident, the millionaire "wreckers" are responsible. The direct responsibility undoubtedly rests with the officers who neglected to have the road patrolled, and with the section hands who failed to thoroughly extinguish the burning grass near the culvert-bridge; but what little degree of thoughtful care may properly be expected of men who toil in a burning sun for a pittance of only ninety cents a day? There should be no culvert-bridges on railroads, and no dry grass should be suffered to remain a day along the road in the vicinity of bridges. If a railroad company cannot comply with such simple and inexpensive conditions of safety, the road should be forfeited to the State. No other railroad accident can compare with that of Chatsworth in horror, and loss of life, and anguish, and widespread sorrow; and if suitable legislation for the protection of human lives does not follow, in Illinois at least, the humanity of the people, if not the ability for self-government, may be fairly and seriously doubted.

### The Early Failure.

He interviewed several experienced agents, had a long talk with the manager, read a thousand pages of company documents, digested a vast amount of convincing figures which conclusively proved that there was but one company to work for, and then he went at it hammer and tongs fashion. He toiled all day. Yes, one entire day. And when night came he decided that he had missed his calling, that he was never cut out for a canvasser.

And so he informed the manager the next morning. He had, he said, started out at nine o'clock full of hope and fact and figures. He had called on more than a hundred people, he thought, asking each and every one if he didn't want his life insured; and each and every man said he did not. What more could he have done?

And the manager's smile was the quickening impulse of suddenly awakened reminiscences. He bethought him of his own early efforts in the business; he recalled the period when he fancied that canvassing was simply asking men to insure. And, therefore, the manager was enabled to give the agent much needed instruction; advice that was timely and helpful. He spoke to him somewhat as follows:

Learn to go slow. Don't start off in a hurry.

Approach a man on the subject of life insurance with the utmost deliberation, with settled purpose to draw him out on the subject if it be possible.

He tells you he is already insured, that he carries all the life insurance he can afford to carry. You believe him and walk away. Right here you may make a fatal mistake. All depends on the man's manner. From the nature of his business you can give a quick guess at what his income may be, and so figure out the amount of insurance he ought to carry. Slow up, if he seems to be at leisure, and cast an anchor to windward. That is, if you think he is able to take more insurance. Say something that will lead up to talk. Don't go pitching into the companies he is insured in, for if you do you are gone. Tell him they are good, for they are good. Go slow and feel your way, and if he shows a willingness to talk on the subject then summon up all the courage there is in you and go for him. Let the reason he has given for not insuring with you stimulate you to make a bold fight. It is your strong hold. The man well insured is good game, for he has felt the need of life insurance, and your chance is fifty per cent. better with him than was the chance of the agent who wrote his first application.

And that disgruntled ex-policyholder who

was filled with wrath and talked assessment, what about him?

Capital material to practice on. Spend an hour with him whenever he is willing to talk, for you may learn something. He has got all the objections to life insurance by heart. No, you probably will not get an application from him; not yet, so long as he is at white heat. But mark him in your note-book, and go and pick him up six months later.

Some day you will learn to size a man up at the first interview, and know just what to do, and you will find that the fellows who are most willing to talk are not infrequently the toughest subjects in the whole business.

But whatever you do don't undertake to see and talk with everybody in a day.

Thus spoke the experienced manager, and the young man listened and learned, and experience taught him that if he canvassed from three to four people every day of his life, he was in a fair way to become rich.—*Insurance.*

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## NOTES.

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The Insurance Journalists' Association, at its last meeting *resolved* that "the stilted custom of using small caps for the names of our own, and italics for the names of other papers, belongs to a past rather than to the present practical era, when the name of a president, a governor, a metropolis, or an empire, is sufficiently emphasized if begun with a capital letter;" but all the journals, with the exception of the one which had the resolution introduced, go right along using "big I am" caps, and "little you" italics, as usual. By the way, why did the author of the resolution italicise "resolved?" It is a "stilted" and a useless custom, and is very annoying to the intelligent compositor.

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Canada, with several million inhabitants, has only six stock fire insurance companies, with \$4,126,834 assets—fewer companies and less receipts than California has, and the total premium income of Canada is also less.

"The COAST REVIEW goes off our exchange list with this issue," says *Our Society Journal*. There must be some mistake about this matter. The C. R. could not have been on the *O. S. J.* "exchange list," for the former never exchanged with the latter, which is not an insurance journal, but is merely the expensive organ of an assessment company.

Probably we provoked the ire of *Our Society Journal* by omitting it from our list of assessment insurance journals—the *Guardian*, *Spectator* and *Commercial Magazine*—but, although it may be better than any of these, it cannot be classed with them, for it is the organ and property of an assessment company. By the way, the *Journal* says the COAST REVIEW "attacks us right along." The "us" must be the Mutual Reserve Fund Life Association. It cannot mean the *Journal*, for we have never before mentioned the sheet. Will that monthly undertake to reconcile with the truth the affidavit of its proprietor, Mr. Harper, referred to elsewhere under the head, "Interesting Correspondence?"

The Cincinnati *Price Current*, an assessment organ, thinks that the methods and sounding pretensions of the Mutual Reserve Fund Life Association of New York are too much like those of the "busted" Fidelity Bank of the "Queen City." There is a strong resemblance.

The sad railway accident in Illinois last month, on a semi-insolvent railroad, suggests the inquiry whether nearly all railroad accidents do not occur on pauperized roads, where the road-beds, bridges and rolling stock remain in ill repair in order that the stock-holders may receive paying dividends on watered stock, or that the "wreckers" may be enriched? Accidents are usually the results of neglected roads, imperfect equipments, and underpaid employés. Herein is a hint to the accident insurance companies.

The technical impairment of the capital of the Phenix of Brooklyn has given the editors and reporters of the daily press a not unusual opportunity to display their

ignorance of facts and to print callow opinions. Every thoughtful man must early have learned to expect of the daily press no unprejudiced opinions, no thoughtful and deliberately written editorials, and no trustworthy statements of facts; and the recent trouble with the Phenix of Brooklyn has emphasized this lesson.

Following is the Canadian fire insurance experience for the past eighteen years:

	Premiums.	Losses.	Ratio.
Canadian Com.....	\$20,132,622	\$14,819,255	73.61
British " .....	38,555,558	28,902,523	74.96
American " .....	5,044,039	3,535,527	70.09
Totals.....	\$63,732,219	\$47,257,305	74.15

The Canadian Superintendent adds: "If we had excluded from these tables the year of the disastrous fire in St. John (1877), the average loss-rate would have come out 64.64." But that year and that fire were properly included. There will always be disastrous years and great conflagrations, and rates must be based on those ugly certainties which swell the average yearly loss ratio.

The loyal Canadians do not properly support their home fire companies, giving them only a fifth of the business and nearly all the remainder to the English companies. It is evident that Americans are not at all popular—unless we except the colony of defaulters—for only five American fire companies are represented, and they receive less than a twelfth of the Canadian premium income. It is a noteworthy fact that not a French company is represented in Canada, although a fourth of the population is French.

The Knights of Pythias (endowment fund) is another declining fraternal insurance order. The membership, as reported to the new York Insurance Department has been as follows since 1880:

Dec. 31, 1880	Membership	23,140		
" " 1881	"	25,354	Gain	2,214
" " 1882	"	26,848	"	1,494
" " 1883	"	26,977	"	129
" " 1884	"	26,489	Loss	488
" " 1885	"	17,151	"	9,338
" " 1886	"	16,278	"	873

The decline of these representative fraternal insurance societies merely heralds the decline of all, when "old and tried."

The new co-operative law of Michigan prohibits the cancellation of a certificate unless the following notice has been sent to the delinquent member by registered letter:

You are hereby notified that assessment No. — on policy or certificate No. — has not been paid. Unless the amount of \$—, the amount due on said assessment, and 50 cents as charges for this notice, is paid within ten days from the date hereof, your policy or certificate will be cancelled.

The half dollars collected "as charges" will never equal the dimes paid for registration; and thus another straw is placed upon the back of the decrepit co-operative camel in Michigan.

The National Insurance Convention of Insurance Commissioners will be held at Niagara Falls on the 21st inst. The attendance of the editor of this journal "is earnestly solicited," in common with the attendance of other influential gentlemen who have received a circular invitation; but the editor is obliged to reluctantly decline, and the convention's gain is therefore his loss.

An English actuary has reported to his company, the U. K. Temperance and General Provident Institution, that there are "twenty States in the United States," and that the American commission of 15 per cent. would make the English agent's "mouth water." The actuary had evidently been on a voyage of discovery to a neighboring coffee house.

The *American Exchange & Review* prints a Philadelphia insurance chart and bank directory, though why the directory was included we cannot guess. There is not a banker's card in the book; and if anybody ever made a cent out of a bank, besides the stockholders and the defaulting cashier, we have not met nor heard of that fortunate exception to a painful rule.

The Fire Underwriters' Association of the Northwest hold their annual "meet" in Chicago on the 14th and 15th inst. The gratifying announcement is made that there will be read a paper on "The Local Agent," and the "Report of the Librarian" will not be omitted.

It occurs to us that we were a little hasty, last month, in reflecting on the Colorado Auditor for accepting the absurd and dishonest statement of the Great Western hat-passer of Denver. Heretofore there has been no law authorizing that official to examine the books of a co-operative, nor to question or reject its statements as filed with the Department. Under the new law of Colorado we may confidently expect the Auditor to checkmate the rascally Great Western; for any failure to pay the minimum amount promised the "insured," within three months, authorizes the Attorney-General to close the concern. The G. W. can never pay any minimum; it must specify if it would do any business. Under unusually favorable circumstances the association might pay \$400 of a \$2,000 claim, but it would hardly dare to specify one-fifth as the minimum, as the new law requires.

The *Standard* thinks it necessary to apologize for the publication of a humorous paragraph, which "crept in" during the absence of the editor. An insurance journal should never, never be funny.

*Insurance* declares that a cent from a round of beef is "equally as" nutritious as a porterhouse steak, and quite as palatable. The editor must have a tough tongue, a grist-mill stomach, and a good cook.

The Knights of Honor had 2,432 fewer members on December 31, 1886, than on December 31, 1885. The order has increased its membership only 643 since December 31, 1882.

The Pennsylvania insurance reports are the last to appear. The delay is the fault of the State Printer, who must be a very phlegmatic and incompetent official.

Our American accident companies are far more liberal than the English accident companies are, if we may base an opinion on the court records. Last month we gave an account of the company which declined to pay a claim because it was not presented within seven days, although it was shown

to be impossible to do so. Another plaintiff was injured by an engine while crossing the track to reach the proper platform, but the defendant company would pay nothing because the plaintiff had already recovered damages from the railway company, and further, because the accident was not "a railway accident" as insured against. The Pacific Mutual, or the Fidelity, or some other American company, would do a thriving business in England, and rattle the dry bones of the illiberal English accident offices.

A member of an assessment company paid his admission fee and received his certificate, but through some agreement with the agent, who was probably to receive the dues as a part of his commission, the dues were left unpaid. Under the terms of the certificate this neglect made it invalid; and notwithstanding the fact that the agent and not the association was the interested party, the claim maturing by the death of the member, soon thereafter, was repudiated by the assessment association, and the courts sustained the refusal. *Ormond v. M. L. Assn.: N. C. S. C.* That is the kind of insurance you get when you join an assessment company. The managers will refuse to pay the claim of your beneficiary if there is half a show to defeat it in court.

A church insurance company has been started in England. We always thought churches were insurance companies.

In London the hand engines are first sent to a fire, thus giving the steamers time to get up steam and the driver time to go out and borrow horses.

About a year ago we called attention to a singular seven-year periodicity of drouths in the Mississippi and Missouri valleys' States. For many years every sixth and seventh year has been drouthy. This year was the sixth. If the rule continues to "hold good," the summer of 1888 will be a very dry year, west of the Missouri at least.

The compositor substituted an "o" for an "a" in "Law Intelligence." Did he err?

## MARINE ITEMS.

The steamer *Barnard Castle*, wrecked on Race Rocks, British Columbia, last November, and some three months back sold by interested underwriters on hull to Capt. John Bessingham for \$3,000, with a further sum of \$3,000 if vessel was successfully raised and delivered in Esquimault Harbor, was lately sold, including about 2,000 tons coal on board, at public auction in Victoria, B. C., for \$1,950.

For the past sixty days wreckers have been at work making preparations to raise her, and when everything was ready pointing to a successful issue, the chains parted, and vessel settled down again with a broken stern post.

The general talk among our marine men has been about the Phenix Ins. Co. of Brooklyn. It is claimed by the marine men that the marine operations of this company have been carried on in a very reckless manner, but little judgment being used as to the class of business accepted, with no discretion as to rates or conditions of risks. Under such circumstances we are not surprised to learn that the new board of directors has decided to discontinue this branch. We regret such a step on their part, and think it unnecessary; for a change of management of this department to a conservative man of well known ability would without a doubt bring success and profit to its undertakings. An intelligent underwriter, with such a company as the Phenix at the back of him, ought to make its operations a grand success in every respect, but when its officers run the marine business with the idea that it is a charitable institution purely for the benefit of ship owners and shippers, one cannot wonder that this first class representative American company staggered under its past management.

Although it has many enemies among its confrères, caused by its past peculiar workings, we think that in the future the Phenix under its new management will once more resume its just and entitled position among the leading and conservative American companies.

We hear, in fact know, that some of our Eastern marine companies are dabbling in our coasting marine risks which have been sent away seeking their markets for certain reasons best known to owners. We need hardly state that our market is one of the best insurance markets in the world, having over fifty marine companies represented in this city; and when business, not being surplus lines, is sent away, it is only on account of some objectionable feature thereto that cannot be entertained by our many underwriters.

Our steam (auxiliary) schooners are being insured at 8 per cent. per annum under the Eastern form of policy on account of its conditions, which allow them to trade to ports and places between the Antarctic and Arctic oceans, whilst the San Francisco form restricts the trade to certain safe ports. Our outside ports and places, as we know, are the most dangerous and disastrous trade that a vessel can be engaged in, which many of our companies have learned, even when receiving as high a rate as a 20 per cent. assurance.

The committee on hulls, appointed by our board of marine underwriters, has issued a rate of 12 per cent. on steam schooners running to outside ports, covering 10 per cent. partial loss without the risk of collision, which no doubt is the reason why this business is being thrown to our Eastern friends for 8 per cent., covering 5 per cent. particular average and collision risk.

For the benefit of these companies who are grasping in the dark, we will in our next number give a description of what our steam (?) schooners really are, and the places they run to.

The adjustment of the steamer *Mexico* is finished and passed upon by the committee on adjustments of our marine board. We notice that interested underwriters have given to Captain Bruce, of the Firemans Fund Ins. Co., the sum of one thousand dollars (\$1,000), as a token for his indefatigable energy and success in saving this vessel. Messrs. C. V. S. and W. C. Gibbs,

in their usual manner, have made up this statement, which is a credit to their profession, and could be well learned and followed by Eastern and English adjusters, whose statements reaching this Coast "passeth understanding."

### Ancient Insurance.

The prevailing impression that insurance is a modern institution will have to be corrected, for, according to a New Zealand paper handed us by Manager Hugh Craig, there are authentic accounts of the existence of an insurance company in Babylon in the times of Nebuchadnezzar. We are left in ignorance of the variety of insurance to which the Babylonian company belonged, but as life was very insecure and as the empire was an inland one, the possibility of either a life or a marine company may be dismissed as unworthy of serious consideration. There were, however, contiguous countries or provinces bordering on the sea, and the empire was bisected by the Euphrates, and it may be that future archaeological discoveries will supply the world with evidences of the existence of marine companies which were wrecked by the deluge. We may safely conclude, however, that the Babylonian insurance company was a fire office. It is unfortunate that the cuneiform inscriptions on the bricks of Babylon are so limited. We are left to vainly speculate as to the existence of tariffs, compacts and jumbo risks, and to lament the loss of the valuable experience of the Babylonian underwriters.

The New Zealand paper referred to quotes the Rev. W. C. Oliver, preaching in Wesleyan church in Nelson, as saying:

"The bricks and stones now being unearthed at Babylon are very interesting to study. Among others being one containing an account inscribed by Nebuchadnezzar of the time during which he was dethroned, and which agreed with the narrative as written in the Book of Daniel. Some records have also been discovered of a large banking firm and an insurance company doing business in Babylon for a period of one hundred and seventeen years. These records show that loans were negotiated,

and an insurance business transacted very similar to that of the New Zealand Insurance Company at the present time. They all bear the stamp of the government of the country at the time. The reverend gentleman said that probably in a few hundred years there would be found men willing to assert that these stones were not genuine, but had been made by those interested in Christianity."

Whatever doubts may be entertained as to the authenticity of Mr. Oliver's brick story, there can be no doubts of his ability as an advertiser of the company which was probably represented in his congregation. The contribution-box, that day, did not pass the representative of the company without a handsome "chip in," we are ready to believe.

### Technical Impairment of the Phenix of Brooklyn.

The sensation of the month has been the report on the examination of the Phenix Insurance Company of Brooklyn, and the announcement of an impairment of the capital stock to the amount of \$436,562.08, on June 30. The examination has been in progress some time, under the authority of the New York Insurance Department. The result was not unexpected, as the enormous growth of business, added to recent severe losses, necessarily increased the liabilities to a degree which made a technical impairment probable. The examiners appear to have been a trifle too zealous, or too arbitrary in their rulings. Assets were rejected which might with good reason have been accepted, and the liabilities were largely increased by a too arbitrary estimate of unearned premiums. The greater part of the farm business of the company—which is a large part of the total business—is written for five years, and a note accepted for the premium and policy fee, due in one year. These notes were not included in the assets, nor were the commissions advanced thereon by the company, amounting to \$151,919.38. The examiners also included in the premiums in force the amount charged for policy fees on such

farm policies, although such fees belonged and were paid to the solicitors. This illogical action added \$82,913.06 to the liabilities. We are under the impression, also, that the deposits of the company with various State authorities were accepted as assets only after deducting the unearned premium liabilities in such States, notwithstanding the fact that such unearned premiums had been included in the general liabilities. In the marine department full premiums were charged to the liabilities on all voyage risks not terminated, and pro rata on time risks in force.

The report shows an impairment of \$97,959.93 on January 1, 1887. The difference between the losses reported by the company and by the examiners was owing to the established custom of the former to make no estimate for losses unpaid unless proofs of loss had been received. The examiners required several pages to explain the alleged impairment of less than \$93,000, but they dispose of the \$436,562.08 impairment resulting from accumulating liabilities since January 1st, in a paragraph of a dozen lines. They subtract the ledger assets of June 30 from those of January 1, declare the remainder a loss, and by adding it to the nominal impairment on January 1, they find the impairment on June 30 to be \$436,562.08, as stated.

The practice in determining the unearned premium liabilities varies in different States, and the law or rule in New York is so uncertain that the examiners felt at liberty to depart from it in fixing the marine liabilities. Under the English rule the Phenix would still have a large surplus, but under the American rule, as exemplified by this examination, the surplus is wiped out, and half the capital with it. It would be well to have a uniform and liberal law enforced in all the States, in this respect. Such a law would impose salutary restrictions upon an authority which may be easily abused by malicious, dishonest or incompetent State insurance supervisors. To-day there is no real impairment of the Phenix. Its \$5,300,000 assets are intact, and it pays its losses more promptly than ever. Its real liabilities are its few unpaid losses,

and its ability to pay future losses (the technical liabilities) is unquestioned. The examination, and the reported technical impairment of the capital, under this state of facts, are an arraignment of State supervision as a needless and impertinent State interference in private affairs, fitted to create the insolvency which it is supposed to prevent. The Superintendent and his subordinates are probably not at fault. It is the imperfect institution of State supervision of insurance which is to be re-proached.

In the ten years ending December 31, 1886, the Phenix received in net premiums on fire risks the sum of \$22,490,970.30, and paid out in the same time on fire losses \$10,916,167.36, showing a surplus of receipts over such disbursements of \$11,574,802.94. In the marine department in the same time, the company received in net premiums \$7,779,869, and disbursed for losses \$7,100,335.41, leaving only the sum of \$679,532.92 out of which to pay the expenses of the business during that time which are properly chargeable to that department. It is estimated that those expenses would reasonably amount to \$1,400,376.47, showing a net loss in the marine business during those ten years of \$720,842.55. So reports the committee appointed by the stockholders. This shows an average fire loss ratio of less than 49 per cent., which is a satisfactory answer to any criticism of the company's management of the fire department—satisfactory to the stockholders at least.

At the present writing it is definitely announced that the stockholders will immediately make good the impairment reported by the examiners, and will probably increase the capital stock. That would be a wise move, for a million capital is hardly enough for a company transacting so large a business as the Phenix does. The extensive plant, the great resources, and the excellent record and popularity of the company warrant any increase of capital and the most hopeful anticipations. It is further announced that the marine business of the company, so long unprofitable, has been abandoned, and that several changes in

the directory and management have been made in harmony with a modified policy.

We may sum up the Phenix situation briefly thus: A technical impairment which has been made good by the stockholders; an abandonment of the marine business, which has long been unprofitable; \$5,300,000 good assets back of the company; a loss paying record of over \$31,000,000, including all the great Chicago fire losses; the largest American premium income last year; and all losses being paid as usual. There is nothing discouraging to the company or its friends and agents in this summary.

It is not to be disputed, however, that the management of the Phenix is open to serious criticism. The marine business has been badly managed, as to rates, risks, and credits. The "Jumbo" business of the fire department is a new departure, the wisdom of which can only be determined by the results. The managers say that so far this branch of the business has been very profitable. The farm business, so extensively transacted, is unobjectionable in itself, but the system of yearly credit for the premium, and an advance of the commission and "policy fee" to the solicitor out of the company's funds, is certainly not in line with conservative practices. But the real subject of criticism is the enormous and increasing amount of long term (five-year) business transacted by the company. According to the report of the examiners, out of \$3,510,536 unearned premiums on December 31, \$2,272,952 was for insurance written from two to eleven years—nearly all of it three and five years. We look upon this long term business as an element of weakness; because we believe the reduction in rates to be in excess of the expenses saved and interest earned on advanced premiums. The recent accumulation of losses, we fear, accrued largely under long term policies; and if so, it is not a sufficient answer to any criticism of this feature of the company's business to cite the low average loss ratio.

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There are more general fire agencies in San Francisco than in Philadelphia.

### Washington Life Insurance Company.

The Washington Life Ins. Co. of New York largely increased its premium income last year, and its assets gained some half a million. The policies in force advanced from 15,385 to 16,504, and the insurance in force, from \$33,956,324 to \$36,574,831. The total premium income was \$1,508,698, while the amount returned to policyholders was \$1,111,383. The total income was \$1,915,816, and the total outgo was \$1,496,730. The assets on January 1, excluding agents' balances, was \$8,231,128. The gross surplus was \$942,806. The investments of the Washington Life call for a commendatory word, the loans being of the very best character, and the market value of the bonds exceeding the scheduled value some 30 per cent. The company is comparatively a small one, but its twenty-seven years of honorable life, its staunchness, its \$1.13 of assets to every dollar of liabilities, its careful, conscientious management, place it in the front rank in everything but size and business. John Gray represents the Washington in this field, and C. L. Fay is the general agent for Oregon and Washington.

### A London Fire.

On August 6th the premises of Whiteley, London's "Universal Provider," were totally destroyed by fire. The insurance was nominal and chiefly in wildcats. About all legitimate underwriters had declined to write any risks on Whiteley's property, because he was apparently the object of crafty and determined incendiaries. The recent fire was the seventh within the past five years. Among the few offices interested in the loss we notice the Northwestern Mutual of Dakota, whose \$5,000 policy will never net Mr. Whiteley as much as five cents.

The "great merchant" ascribes the fire to some malicious competitor—one of the many whom he had ruined by underselling. Possibly he is correct; but in the United States such an opinion would not be credited, even if charged against a Most anarchist, much less if against respectable merchants. That such a charge should be

credited by the London press indicates the existence of a peculiarly low state of commercial morals in the metropolis of the world.

The English press gives columns to an account of this fire, and discusses it as a wonderful and disastrous conflagration, although the loss was only a million dollars. In America such a fire, in a city not a tenth as large as London, is merely an entertaining spectacle, to be forgotten in a day. It would call out perhaps a dozen engines, which ordinarily would be sufficient to check and extinguish the flames in a short time. But in London this little fire called out forty engines and nearly two hundred firemen, who managed to save the foundations of the buildings. We do not understand how so great a fire, consuming nine buildings and contents, in the heart of a great city, could have entailed so small a loss. There are single "stores" in little San Francisco, whose proprietors are not considered "great merchants," which, if burned, would cause as great a loss as that which so excited our Cockney cousins.

### Parson Talmage's Words of Comfort.

But I have words of encouragement and comfort for those of my hearers who are engaged in the fire insurance business. You are ordained by God to stand between us and the most raging element of nature. We are indebted to you for what the National Board of Underwriters and the convention of chiefs of the fire department have effected through your suggestions and through your encouragement. We are indebted to you for what you have effected in the construction of buildings, and in the change in the habits of our cities, so that by scientific principles orderly companies extinguish the fire, instead of the old-time riots which used to extinguish the citizens! And we are indebted to you for the successful demands you have made for the repeal of unjust laws; for the battle you have waged against incendiarism and arson; for the fatal blow you have given to the theory that corporations have no souls, by the cheerfulness and promptitude with which you have met losses, from which you

might have escaped through the technicality of the law. I do not know that any class of men in our midst are more high-toned and worthy of confidence than these men; and yet I have sometimes feared that while your chief business is to calculate about losses on earthly property, you might without sufficient thought go into that which, in regard to your soul, in your own parlance might be called "hazards," "extra hazards," "special hazards."

### Disunited Friends.

The United Friends of the Pacific have not yet paid a dollar of their \$53,000 acknowledged indebtedness. The members are quarreling among themselves and denouncing their officers and medical examiners. The membership is daily diminishing. It is now proposed to reorganize, and pay all future claims in full, and make small monthly pro rata payments on the back claims. This proposition simply means the repudiation of the present indebtedness, and the creation of a strong feeling of distrust which will insure the speedy suspension of the order—the only thing that can be insured. The indebtedness averages only seventeen dollars per member. The obligation to pay the debt is a sacred as well as a legal one, but we'll wager a policy against a peanut that the boasted fraternity of the order is not strong enough to persuade an attempt to pay the debt. The history of the United Friends will be that of the defunct and disgraced Order of Mutual Companions of Petaluma. The members, evidently, have no sense of any moral obligations to the beneficiaries of their deceased fellow members, and they crack their fingers at the legal obligations, which are too small in each case to be enforced. That is the kind of insurance a man gets when he invests in fraternal or non-fraternal insurance on the co-operative plan.

"Fuel cartridges" are being sold in San Francisco. The "fuel" is coal oil. The "cartridges" are cages filled with "mineral wool." The new device is recommended as a substitute for stinking coal-oil stoves, and it may not be a greater hazard.

### FIRES.

The Ettinger fringe factory loss was finally settled for \$15,000, the amount originally tendered by the adjusters. The claim was for a total loss of \$25,000, and proofs were filed in the sum of \$22,000, of which \$6,000 was for goods totally destroyed. The appraised loss, on stock and machinery, was \$14,450. The additional \$550 was allowed on account of goods totally destroyed. The claimant threatened to bring suit for \$22,000, but all the offices stood shoulder to shoulder in resisting so unjust a claim, and the result was a signal victory.

We can't brag much, however, for in the settlement of the Palmer & Rey loss there was an equally signal falling down by the companies. Under the plain terms of the policy there was a liability of only \$900 on papier maché matrices, but a claim of \$6,000 was filed for them as merchandise, though they are never sold. The companies agreed to stick together and pay only what they were liable for, but one by one they fell away until a majority agreed to compromise with the claimants for \$3,000. The type foundry thereby received \$2,100 more than they were entitled to; they were paid that much on an uninsured loss.

### Washington.

June 24, frame building and "printery:."	
Commercial .....	\$1,050
June 26, Colfax, merchandise in frame:	
Commercial .....	\$2,500
August 8, Tacoma, frame building and foundry:	
South British .....	\$107
New Zealand .....	650
August 9, Walla Walla county, frame barn:	
Phoenix, Brooklyn .....	\$533
August 5, Spokane Falls, dwelling:	
North British & Mercantile .....	\$600
Total Washington .....	\$5,440

### Arizona.

August 25, Tombstone, frame dwelling:	
Orient .....	\$100
August 11, Prescott, stable:	
Orient .....	\$786

### Oregon.

August 3, Portland, general fire:	
Home & Phoenix .....	\$450
August 11, Oakland, dwelling and furniture:	
Firemans Fund .....	\$705
August 5, Portland, barn:	
Guardian .....	\$700

August 7, Portland, frame building, paint shop, etc.:

State Investment.....	\$465
Anglo-Nevada.....	456
Hamburg-Bremen.....	1,200

August 31, Portland, contents frame building:

German-American.....	\$300
Firemans Fund.....	250

August 31, Astoria, boarding-house:

German-American.....	\$400
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August 31, Portland, plate glass in brick:

Liverpool & London & Globe.....	\$1,000
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August 15, Portland, dwelling and merchandise:

Oakland Home.....	\$800
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August 21, Lexington, frame store building and merchandise:

Fire Ins. Ass'n, London.....	\$2,000
Liverpool & London & Globe.....	2,500
California.....	3,300
Clinton.....	1,000
Dakota.....	1,000
Howard.....	1,000
Springfield.....	1,000

Total.....\$11 800

July 28, Portland, brick building:

California.....	\$750
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Total Oregon.....\$19,267

#### Utah.

August 9, Salt Lake, general fire:

Etna.....	\$4,296
Transatlantic.....	1,989
Fire Ins. Ass'n, London.....	168
Connecticut.....	1,750
South British.....	\$421
Firemans Fund.....	4,065
National, N. Y.....	1,250
London, Northern & Queen.....	6,200
California.....	2,000
Scottish Union.....	1,605
Commercial Union.....	420
National, Hartford.....	2,210
North British & Mercantile.....	1,500
Washington.....	379
German-American.....	1,165
Orient.....	379
Phoenix, London.....	5,431
Imperial.....	2,500
Anglo-Nevada.....	1,250
Sun, London.....	254
Union, S. F.....	6,517
Girard.....	211
London & Lancashire.....	3,921
Manchester.....	2,500
Caledonian.....	1,000

Total.....\$53,321

August 5, Ogden, frame barn:

Connecticut.....	\$100
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#### Nevada.

August 7, Esmeralda county, mining property:

London & Lancashire.....	\$4,000
Manchester.....	4,000

#### New Mexico.

August 22, Socorro, frame opera house:

Lion.....	\$750
Washington.....	500

#### Idaho.

August 7, Boise City, tailor stock:

North British & Mercantile.....	\$600
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#### Montana.

August 20, Moreland, frame building:

American, Phila.....	\$1,500
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August 22, Starbuck, frame building:

Phenix, Brooklyn.....	\$1,500
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Miscellaneous small unreported losses.....\$7,280

#### California.

August 7, Colfax, general fire:

North British & Mercantile.....	\$4,202
German-American.....	1,700
Commercial.....	635
Firemans Fund.....	680
Liverpool & London & Globe.....	3,950
Home Mutual.....	500
State Investment.....	2,500
Home & Phoenix.....	1,310

Total.....\$15,477

August 30 San Jose, dwelling and furniture:

Etna.....	\$1,018
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August 15, Tulare county, harvester:

Sun, N. O.....	\$600
Southern.....	600

August 15, Tulare county, dwelling and contents:

Home & Phoenix.....	\$1,900
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August 22, Marysville, brick buildings and contents:

American Central.....	\$500
Oakland Home.....	300

August 15, near Chico, dwelling and contents:

Ins. Co. of North America.....	\$1,900
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August 1, Grass Valley, dwelling contents:

City of London.....	\$500
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August 29, Los Angeles, restaurant, furniture, etc.:

Union, S. F.....	\$950
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August 28, Oakland, dwelling:

State Investment.....	\$1,100
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August 1, Los Gatos, dwelling:

Home Mutual.....	\$700
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August 12, Los Angeles, restaurant:

Anglo-Nevada.....	\$700
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August 12, Los Angeles, store:

Franklin.....	\$394
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August 12, Los Angeles, stock of furniture:

Hamburg-Magdeburg.....	\$207
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August 3, Los Angeles, barn:

Prussian National.....	\$1,400
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August 15, Anderson, household furniture:

Home & Phoenix.....	\$580
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August 27, Anderson, dwelling:

Union, S. F.....	\$1,600
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August 1, Sacramento, dwelling:

Prussian National.....	\$222
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August 8, Mission San Jose, grain in field:

London, Northern & Queen.....	\$1,155
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August 22, Plumas county, lumber and blacksmith shop:		National. Hartford.....	\$ 660.
North German.....	\$1,000	Ins. Co. of North America.....	1,422
August 21, Los Angeles county, dwelling:		Total.....	\$20,971
State Investment.....	\$1,580	August 19, Woodland, saloon:	
August 27, Hanford, grain in field:		Hamburg-Magdeburg.....	\$260.
North German.....	\$2,036	August 1, Roseville, dwelling:	
August 4, Los Angeles, brick building:		Sun, S. F.....	\$1,050.
London, Northern & Queen.....	\$500	August 21, Oakland, dwelling:	
August 28, Shasta, bridge:		Ætna.....	\$2,800
Home & Phoenix.....	\$3,000	August 13, Los Angeles, stock in frame:	
August 28, Los Angeles, groceries:		Continental.....	\$500.
Ins. Co. of North America.....	\$500	August 8, Fresno, frame planing mill:	
August 3, Los Angeles, produce and frame buildings:		Hartford.....	\$150.
Scottish Union.....	\$610	August 1, Nevada City, dwelling:	
Firemens of Newark.....	184	Sun, S. F.....	\$650.
Firemans Fund.....	\$1,250	August —, Vina, saloon:	
August 11, Nevada county, dwelling:		Oakland Home.....	\$1,300.
Western Toronto.....	\$468	August 18, Oakland, furniture:	
August 21, Red Bluff, dwelling and contents:		Fire Ins. Ass'n, London.....	\$119.
Ætna.....	\$950	August 18, Sacramento, frame building:	
August 14, Red Bluff, dwelling and contents:		London, Northern & Queen.....	\$120.
Ins. Co. of North America.....	\$400	August 4, Colton, dwelling:	
August 6, Red Bluff, brewery and frame dwelling:		Connecticut.....	\$300
Hartford.....	\$1,641	August 22, Sacramento, general fire:	
Scottish Union.....	547	Fire Ins. Ass'n, London.....	\$750
Fire Ass'n, Phila.....	425	Union, S. F.....	2,150.
National, Hartford.....	547	State Investment.....	1,730
August 8, Needles, adobe store:		Home Mutual.....	4,000.
Home & Phoenix.....	\$8,500	Hamburg-Bremen.....	272.
August 6, Sacramento, three dwellings:		Glens Falls.....	1,250.
New Zealand.....	\$600	Merchants.....	1,250
August 13, Santa Clara county, hay:		Sun, S. F.....	420
Fire Ins. Ass'n, London.....	\$780	Liverpool & London & Globe.....	8,968
August 11, Mountain View, hay and warehouse:		Total.....	\$20,790.
Southern, N. O.....	\$760	August 3, Sacramento, brick building:	
Sun, N. O.....	360	Hartford.....	\$138.
Amazon.....	800	August 20, Sacramento, wood-yard:	
Pacific.....	600	Ætna.....	\$450
Anglo-Nevada.....	1,200	August 2, Los Angeles, saloon:	
Imperial.....	500	London & Provincial.....	\$875
Lion.....	309	August —, Oakland, furniture, etc.:	
Washington.....	1,000	South British.....	\$150.
Orient.....	500	August 6, Jackson, contents of dwelling:	
Total.....	\$6,029	Liverpool & London & Globe.....	\$450
August 21, Grangerville, general fire:		August 22, Modesto, merchandise:	
Phenix, Brooklyn.....	\$585	Firemans Fund.....	\$172
Commercial Union.....	2,300	August 10, Chico, household furniture:	
California.....	350	Commercial Union.....	\$1,130.
Atlas.....	1,423	August 18, Stockton, frame building:	
National, Ireland.....	1,423	Commercial Union.....	\$150
Boylston.....	949	June 5, Tuolumne, frame dwelling and barn:	
London & Lancashire.....	949	Commercial.....	\$1,278
Manchester.....	949	July 26, Yuba county, merchandise:	
Caledonian.....	949	Commercial.....	\$422.
American, N. J.....	949	July 27, Camptonville, merchandise:	
Helvetia.....	949	Fire Ass'n, Phila.....	\$413
Hartford.....	2,846	August 20, Yuba City, dwelling and contents:	
Ætna.....	2,845	Liverpool & London & Globe.....	\$100.
Union, S. F.....	1,423	Lion.....	132
		August 9, Pleasanton, grain in field:	
		Firemans Fund.....	\$180.

August 25, Boulder Creek, frame blacksmith shop:	
Fire Ass'n, Phila.....	\$200
August 22, Marysville, livery stable:	
Firemans Fund.....	\$435
August 15, Chico, furniture:	
Guardian.....	\$100
August 10, Hill's Ferry, frame building and saloon:	
North British & Mercantile.....	\$1,600
Home Mutual.....	500
August 23, Santa Clara, dwelling:	
State Investment.....	\$200
August 9, Willows, contents of dwelling:	
City of London.....	\$514
August 16, Oakland, frame building and contents:	
Home Mutual.....	\$3,000
August 12, Daggett, quartz mill:	
London, Northern & Queen.....	\$2,500
Hamburg-Magdeburg.....	3,500
Magdeburg.....	1,600
Hartford.....	2,500
Total.....	\$10,100
August 12, Los Angeles, furniture:	
Phenix of Brooklyn.....	\$188
August 7, near Haywards, barn:	
Home Mutul.....	\$400
August 3, Los Angeles, furniture:	
Niagara.....	\$278
August 26, Hicksville Hotel:	
Hamburg-Bremen.....	\$ 335
Home Mutual.....	1,000
August 27, near Haywards, barn:	
Home Mutual.....	\$325
August 4, Tehama county, granary:	
Phenix.....	\$575
August 28, Oakland, bath house:	
Guardian.....	\$450
August 21, Modesto, saloon and brewery:	
Liverpool & London & Globe.....	\$1,050
August 2, Los Angeles frame building:	
Washington.....	\$400
Los Angeles, frame building:	
Imperial.....	\$206
August 6, Butte county, frame building:	
Phenix of Brooklyn.....	\$1,100
August 8, Oakland, stable and tank house:	
Orient.....	\$600
El Dorado county, frame dwelling:	
Phenix of Brooklyn.....	\$1,500
Fresno county, planing mill:	
Niagara.....	\$150
August 14, Selma, barn:	
Phenix, Brooklyn.....	\$492
August 24, San Joaquin county, grain in field:	
Hartford.....	\$504
August 5, Grangerville, grain:	
Etna.....	\$203
August 5, Fresno county, frame dwelling:	
Phenix, Brooklyn ..	\$250
August 11, Biggs, frame dwelling:	
Hartford.....	\$100
August 7, Fresno county, grain in stack:	
Etna.....	\$295

August 26, Anderson, dwelling and furniture:	
Lion.....	\$1,600
August 9, Willows, frame dwelling:	
Phenix, Brooklyn.....	\$400
August 16, Oakland, frame dwelling:	
Phenix, Brooklyn.....	\$635
Small unreported losses.....	\$11,800

Total California, S. F. excepted....\$158,895

August 20, San Francisco, cooperage and wooden-ware factory:	
Hamburg-Magdeburg.....	\$998
Germania.....	499
Imperial.....	520
Lion.....	1,109
Oregon.....	416
Ins. Co. of North America.....	499
Citizens, Cincinnati.....	\$19
New Zealand.....	666
Orient.....	249
Washington.....	666
Anglo-Nevada.....	554
Fire Insurance Association of London..	1,331
Clinton.....	499
Merchants, N. J.....	666
Springfield.....	666
German, Ill.....	500
Merchants, N. Y.....	666
Howard.....	666
Svea.....	499
South British.....	666
Transatlantic.....	6,667
Hartford.....	1,997
Straits.....	999
St. Paul.....	387
Total.....	\$23,190

August 22, San Francisco, frame building, furniture, etc.:	
State Investment.....	\$825

August 20, San Francisco, wool warehouse and contents:	
City of London.....	\$5,057
South British.....	2,256
Pacific.....	415
American Central.....	1,245
Union, New Zealand.....	5,000
Westchester.....	5,000
Liberty.....	100
Hamburg-Magdeburg.....	4,000
Magdeburg.....	5,000
Total.....	\$28,073

August 25, San Francisco, tailor stock:	
Royal, Norwich Union & Lancashire.....	\$1,750
North German.....	350
Security.....	350
Prussian National.....	350
Southern California.....	350
Anglo-Nevada.....	350
August 25, San Francisco, furniture in dwelling:	
North German.....	\$477

August 22, San Francisco, furniture:	
Anglo-Nevada.....	\$100
August 13, San Francisco, dwelling:	
American Central.....	\$325
August 25, San Francisco, frame building:	
Sun, London.....	\$325
August 10, San Francisco, furniture:	
Agricultural.....	\$150
August 16, San Francisco, wearing apparel:	
Southern California.....	\$219
August 24, San Francisco, dwelling:	
New York Underwriters.....	\$1,150
Small unreported losses.....	\$5,000
Total, San Francisco.....	\$73,257
Total, California.....	\$232,152
Grand total.....	\$331,296

## LOCAL MEMORANDA.

### Books, Etc.

Leavenworth & Burr's (Detroit) chart of Co-operative Life Insurance Associations: 25 cents. A valuable work, which might be greatly improved. Some of the figures of benevolent associations are merely those of the local branches. Why have not the publishers printed the total figures of the Ancient Order of United Workmen and other fraternal hat-passers?

The Philadelphia Insurance Chart: J. H. C. Whiting, publisher. A handsomely printed and remarkably complete and serviceable hand-book.

Canadian Insurance Report—printed somewhat better than usual, if not well.

The Glens Falls *Now and Then*—well printed and carefully edited, but not yet "old and tried." The secrets of the success of the company will now be "given away."

*Modern Light and Heat*, an electric-light daily, of Boston.

The Salt Lake *Journal of Commerce*, a new journal, which will help develop the resources of Mormon Territory. But "shoot" the "head," which at first glance reads thus: "Jackal of Commerce": then, the *Sarā SaRe JovKal*. It is the worst "head" we have seen since the Limerick races.

Penn. Life Report.

### The Tontine Society.

This is the name of a new Oakland hat-passer. It is merely an "endowment" scheme, similar to the "busted" Texas, Pacific and California endowment hat-passers, but pays only one-tenth instead of one-fifth of the face of a certificate. The Secretary and Manager is S. Bachrach, who piloted the Pacific Mutual Endowment Association into a cess-pool. We may again discuss this new co-operative swindle, for the amusement of our readers.

### U. S. Life.

The new business for the first six months of the present year aggregated \$2,688,025. For the corresponding time last year the new business was \$1,866,355. The gain was over 42 per cent. Each month shows a gain over the corresponding month of 1886. The total insurance in force on June 30 was \$21,925,123, as against \$20,130,118 a year ago. These are encouraging figures to the representatives of this excellent life company.

### Fraternal Knights.

The representatives of the Knights of Honor in the New England States have for some time complained that the death rate in the West is disproportionately large when compared with the East, and a movement is on foot to make the assessments of the Western Knights a slight percentage higher than that of the Middle and Eastern States. A petition will be presented at the next meeting of the Supreme Lodge with respect to this proposed change.

### Declined Without Thanks.

Here comes a sample copy of the *National Police Gazette*, with a proffer from the publisher of an exchange in consideration of a "notice." We willingly give the notice, but most emphatically decline the proffered exchange. The *Police Gazette* is a villainous sheet—a mirror of crimes and horrors. It gratifies and creates the most depraved tastes and wicked impulses. Its patrons are mainly fools, barbers, bootblacks, and criminals. Its pictures and its contents are, to a healthy mind, like a hideous nightmare. We believe that such sheets, being the apologists, the reflectors, and the stimuli of crime, may properly be suppressed by law, or at least be excluded from the mails.

### An Intelligent Member of the Fire Department.

One of the appurtenances of the Potrero Fire Department is a mule of exceptional size and remarkable intelligence, called Paddy Ryan. He has something of a history and has always been connected with and owned by the city Fire Department. When the alarm bell rings the mule instantly draws the staple which secures the chain thrown across the stable; this re-

leases him and he at once runs to his place at the pole; then he draws another pin, which permits the harness to drop, and calmly waits for the stoker to secure it.

Some time ago, when, owing to fatigue, Matt Sullivan, the Captain of Hose 7, failed to awake at the sound of an alarm, the mule slipped the chain and went to his place, but noticing that the Captain was not awake, walked to where he was sitting and seizing hold of his clothing awoke him.

There is a cat at the hose house between whom and the mule a very strong attachment has arisen. The cat, when so disposed, goes up to the mule, who generally takes it by the neck and places it in the manger, whence it climbs or jumps upon the mule's back, where it sleeps for hours at a time.—*S. F. Chronicle*.

#### On Their Muscle.

A number of insurance men have recently become members of the famous San Francisco athletic club, the Olympic, of which Wm. Greer Harrison, the Thames and Mersey manager, is President. We suppose that these athletic underwriters will soon be able to "knock out" all opposition. By the way, we recently noticed a Secretary of a local company bowling along an Alameda county road on a "rover" bicycle, at the rate of fifteen miles an hour. If such athletic tastes are freely cultivated by San Francisco underwriters, they will develop good fighting and "staying" qualities which will be reflected in sturdy health and good business results.

#### 774 Lies.

The only reply the Bankers & Merchants Mutual makes to our exposé of last month is a copy of the *Guardian's* "Seven Hundred and Seventy-Four" pamphlet. The Bankers & Merchants continues to use Senator Stanford's name as a reference, without his authority. The assessment pamphlet Mr. Badlam so kindly sent us was made to sell, like the cheap, dull razor. It purports to be a list of 774 old-line companies bursted, but it is a list of life, co-operative and fire companies which have been chartered by the different States. Many of these companies never passed beyond a

charter formation, and only a handful were legitimate life insurance companies—old-liners—which went down, through mismanagement or dishonesty, in the panicky times following the war. This pamphlet was issued by an assessment organ as a reply to the list of 403 dead co-operatives. We await a further and more pertinent reply from Mr. Badlam.

#### Removed.

General Agent John Landers, of the Manhattan Life, has removed his office to the rooms lately vacated by the Equitable Life at 240 Montgomery—a more central location than the old one.

#### "Cancellation Expenses."

The brilliant and original underwriter of the State Ins. Co., of Salem, Or., H. W. Cottle, Secretary, charges 35 per cent. of the return premium for "expenses of cancellation," after deducting the customary short rate from the premium. Mr. Cottle does not appear to have yet learned that the short rates include all expenses. His company is the only one in the world that charges a fee for cancelling a policy.

#### New Quarters.

The Equitable Life office has been removed to the northwest corner of California and Montgomery streets, where Messrs. Garland, North and Snow, are now domiciled in about the handsomest quarters of any life office in the West. The entire second floor is occupied by the several departments of the agency. There are seven apartments altogether. The principal office is handsomely fitted up and finished throughout in Spanish cedar. The growing business of the Equitable in this field has long demanded better and more commodious quarters, such as the agents now have.

#### Chips.

—Robt. Dickson and Tom. C. Grant are in Oregon.

—Frank E. Hodgins, of Portland, is in the city. Mr. H. is a special agent for Messrs. Balfour, Guthrie & Co.'s agency for Washington and Oregon.

—J. V. Vickers, of Tombstone, and Charlie Maze, of Modesto, paid their everlasting respects to the COAST REVIEW last month.

—John H. Gray, general agent of the Washington Life, has just returned from a three months' trip through Montana. He reports that Territory as being in a prosperous condition, and policies in the Washington in demand.

—W. S. Watson, for nine years with the American Central Insurance Co., as cashier and bookkeeper in this city, has finally been required to relinquish his position on account of failing health. He will rough it while, and may find his way back into the business in a year or so, or less if he recovers.

—The Pacific Mutual Life has issued a pamphlet of 555 specimen accident claims paid by the company since the organization of its accident department. Nearly every vocation is represented by the claimants—merchants and clerks and professional men, as well as farmers, laborers and mechanics, who are supposed to be peculiarly liable to accidents.

—Samuel P. Walker, for the past three years an associate manager of the New York Life Insurance Company for Texas, has been appointed general agent for the Pacific Coast, to assist Manager Hawes. Mr. Walker, who was formerly employed by the company in the field, is an old-experienced, active and successful life insurance worker, and his return will be welcomed by many old friends.

—A prominent fire office recently received an application for an agency from an interior town. The applicant submitted, as an evidence of his qualification, the fact that he was an agent for the Mutual Reserve Fund Life Association. His application was duly considered and rejected, because, as one of the firm said, any competent man who represents an assessment company and knows the character of its indemnity, must be a scoundrel; and if he doesn't know anything about assessment insurance, and may therefore be no scoundrel, he doesn't know enough to be a fire insurance agent.

—L. L. Bromwell is looking after the interests of his company in Montana, and before he returns will visit Yellowstone Park, taking a little vacation.

—Mercer Otey has been appointed manager of the southern department of the California and the Union of New Zealand, with headquarters at Los Angeles. Mr. Otey is a first-class field man, and will undoubtedly make a good record in his new position.

—J. G. Edwards, the publisher of the COAST REVIEW, will attend the Grand Army Encampment at St. Louis, this month, and thence will go to New York. The COAST REVIEW callers need not expect to find him in, as usual, for the next six weeks. The brethren East are requested to kill the fatted calf, and send a brass band to the train.

—Edward Brown, of Brown, Craig & Co., visited Portland last month, and reinsured the Oregon business of the Phenix of Brooklyn in the Columbia F. & M. Ins. Co., thus releasing the \$50,000 deposit. The unearned premiums amounted to \$35,000.

—We have received from Billings, Montana, an application for an agency for a fire office. The applicant submits good references. He desires to correspond with the Queen, Royal, Girard, Insurance Company of N. A., Pennsylvania, Union of New Zealand and Williamsburg City. If any of the general agents of these companies wish to be represented in Billings, we will place them in communication with the applicant.

—W. Weston, inspector for the New Zealand Ins. Co., who has been visiting California, Oregon and Washington, sails for Hong Kong by Saturday's steamer. He will inspect the agencies of the company in China and Japan, and from there goes to India, thence to London, thence to the Argentine Republic, thence to London once more, and thence home to New Zealand, completing his long tour of the world about the first of January, 1890. Mr. Weston, who has visited every section of the United States, declares that California excels all other States in every desirable feature. Mr. Weston is a capable, energetic and systematic underwriter, and we record this fact with pleasure.

—Col. Hawes, manager of the New York Life, is looking after the company's interests in the Northwest, in Idaho, Montana, etc.

—Messrs. W. R. Smedberg, A. E. Magill and L. B. Edwards are the only members of the local insurance fraternity who at the present writing have announced an intention of visiting the Grand Army Encampment at St. Louis. They will depart on the 19th inst.

—W. J. Fisher, of the firm of Drakenfeld & Fisher, Los Angeles, district agents for the Hamburg-Bremen and Niagara, is in the city.

—Captain Boyd, of Adams & Boyd, State agents for the Anglo Nevada at Little Rock, Ark., is visiting California, accompanied by his wife.

—George Grant has just returned from a five months' trip, which extended to Eastern cities.

J. G. CONRAD.

J. D. MAXWELL

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FIRE AND MARINE

UNDER WRITERS,

421 California St., San Francisco.



GENERAL AGENTS OF THE

American Steam Boiler Ins. Co.

Of New York.

Cash Capital.	-	-	-	-	\$500,000
Total Assets, over	-	-	-	-	740,000

SAN FRANCISCO DEPARTMENT

OAKLAND HOME INSURANCE COMPANY.

TRADERS INSURANCE COMPANY.

IMPERIAL FIRE INSURANCE CO. OF LONDON.

## THE ECONOMIC FIRE OFFICE,

LT., OF LONDON, ENG.

CAPITAL,	-	-	-	-	-	-	-	\$5,000,000
Paid up Capital,	-	-	-	-	-	-	-	350,000

JOHN CARSWELL, General Manager.

GUTTE & FRANK, General Agents for the Pacific Coast,  
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**CAPITAL,**       -       -       -       -       **\$10,000,000.**

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# THE COAST REVIEW

A MONTHLY JOURNAL

DEVOTED TO

FIRE, MARINE, LIFE AND ACCIDENT INSURANCE.

J. G. EDWARDS, PROPRIETOR,

320 Sansome St. (Room 13), San Francisco, Cal.

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No. 10.

## NORTHWESTERN SENTIMENT.

CUTTINGS FROM PAPERS READ AT THE RECENT MEETING OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST.

### The Contract.

In no branch of business does there seem at the present time to be such an irrepressible conflict between two parties to a contract, as there is between the insurance company and the party holding its policy. What makes this conflict? What new provisions, except more liberal ones, have the insurance companies incorporated in their policies? As a rule the contract and conditions of indemnity remain unchanged. I have here the original advertisement of the New York Insurance Company, published in 1800, wherein that company proposes to insure, but only upon written application and the submission of plans and carpenters' estimates. The policy makes provision that the storage of certain named explosives or the misrepresentation by the applicant or concealment of other insurance shall render the contract void, and it names other events that would render the company not liable. Are the conditions at present in use any more binding?—*Williams.*

### Will They?

The so-called anti-compact law of Michigan is a standing warning that should be heeded as much as we would a sign to keep off thin ice. We need not, however, quarrel with the State; the law is theirs, and if they like it let them keep it. All we have to do is to get at what is the fire cost of what the State provides, and charge for it. The tables of fire cost are easily attainable and can be procured, and no doubt the good companies intending to keep good will find themselves obliged to obtain these lists, and will be willing to charge the same price for equally good insurance. I will venture the prediction that the people of Michigan will make the first move towards getting rid of that law.—*Williams.*

### The Kind of Agents.

We must also be rigid, upright, and consistent and persistent in our selection of economical and careful good business men for our agents, and get rid of all who take an agency for as much commission as they can possibly squeeze out of a company, without regard to its future prosperity. Even if such agents cannot get the bribe from us, but get it, or are willing to get it, from others, no matter; the fact that they

are of the kind that are willing to be bribed, is enough to show that they will be equally willing to hide defects of buildings and make low rates on them.—*Williams.*

"Something Besides an Insurance Man."

Special agents can mould public opinion, which should know that insurance companies, whether arranged upon the mutual or stock plan, are associations of policyholders who contribute to a fund from which is to paid such sums as will indemnify any member for the value of the property lost, and should therefore be relieved of all unreasonable expenses. The guaranty capital and the profits of the business can properly be taxed. All else is a tax upon a tax, and is an additional levy upon the policyholder.—*Williams.*

Signal Service.

The number of persons who find that the reports and forecasts of the service may be utilized for every-day life is constantly increasing. Signal observers are frequently summoned to bring their weather records into court as evidence. Grain and cotton merchants make the reports valuable in calculations of the forthcoming crops. Emigrants consult them in the selection of favorable climatic conditions for a new abode. Physicians, sanitarians, and boards of health employ the data to detect dangerous conditions of the atmosphere of the cities, and for investigating the origin and spread of diseases and epidemics, as in the case of the recent yellow-fever visitation in the South. The pork-packers, fruit importers, and fish and oyster dealers keep an eye on them to secure themselves against exposure of perishable goods to extremes of temperature or other vicissitudes of weather. They are of use to specialists in manufacturing and in hygienic interest, and are consulted by thousands planning journeys or excursions for health or pleasure. River boatmen, farmers, sugar-planters, fruit-growers, ice-dealers, and many other interests utilize them.—*Finley.*

A Yankee Notion Abroad.

It is now well-known that American storms travel eastward to the Atlantic, and

from thence either far out to sea and disappear, or across to the west coast of Europe, materially affecting the weather conditions on that continent. In view of these facts, the Meteorological Offices of London and Paris have together organized, and with the co-operation of the United States Signal Service have provided for the transmission of daily weather dispatches to each of these centres. This information is telegraphed to all European seaports, and thus made available to benefit the commerce of two great continents. Here are points for the marine insurance people. Any shipmaster who leaves a central European port with the knowledge that a violent storm is approaching which may endanger his vessel and its cargo, should be made to know that such risks can only be encountered under the penalty of higher premiums or the canceling of his policy. Information concerning storms, wrecks, icebergs, and other dangers to navigation are cabled to Paris and London daily and bulletined at all seaport towns in those countries. These are matters of direct interest to the underwriters.—*Finley.*

Insurance and Incendiarism.

The public, if it is so disposed, can readily discover that insurance is to be held accountable for comparatively little of the incendiarism that is continually going on. If more evidence is needed on the point that property destroyed by incendiary fires is not in the aggregate heavily insured, a few statistical facts may be mentioned. The fires of last year described as incendiary were in number 1,959. By these fires a money loss amounting to \$7,769,690 was incurred on the property in which the fires originated. The loss to insurance companies on the same property was \$3,933,882, leaving a net loss of \$3,835,808, which fell upon the owners of the property. In other words, the owners were indemnified through insurance only to the extent of fifty-one per cent. of their actual loss. In the face of this showing it is the idlest of talk to attribute incendiary fires solely, or principally, to a motive to realize on insurance policies. What motive can insurance give a set of men to burn one dollar's worth

of property in order to be repaid fifty-one cents? Another fact should be noted. The average insurance on the entire amount of property burned in 1886 was fifty-eight per cent., consequently we have before us the fact—very difficult to reconcile with the assertions frequently and recklessly made that insurance furnishes the motive for incendiarism—that the property said to have been destroyed in the United States in 1886 by incendiary fires was actually insured to a smaller extent than property in general destroyed by fires from all causes during the same period.—*Webster*.

#### Incendiary Convictions.

For the purpose of finding out what the public is doing in the matter of convicting and punishing incendiaries, I addressed a circular letter a few weeks ago to the wardens of the State prisons and penitentiaries in the various States, asking information respecting the number of prisoners on hand at the last report and the number on hand at the same date serving sentences for incendiarism. Responses were received from thirty-eight institutions, representing thirty States and Territories. The whole number of prisoners reported was 31,176. How many of these convicts do you suppose were sentenced for arson or incendiarism or attempts? Only 486, or about 1.56 per cent! Apparently it is good work if the people, by their own efforts, manage to put as many as one hundred incendiaries behind the bars in the course of a year.—*Webster*.

#### The Michigan Law.

Michigan has spread herself on the compact system, and under grievous pains and penalties forbids companies to fix united rates of premium. This is good news to certain bilious agents and howling specials who know all about rates; and, feeling their dignity lowered by any interference with their imaginary knowledge, covertly favored the bill by constant abuse of the compact. They remind me of a certain military officer who did Queen Elizabeth some service, and was promised the first vacant place. An Irish Bishop died within a few days, and our friend claimed the position

and, insisting on the promise, was ordained and presented. He made a very good Bishop; preached only once, and that on the death of his Queen. His discourse was admirable, and ended as follows: "There be loyalists here who deeply lament the death of our gracious mistress. I sympathize and lament with them. And there be disaffected ones who rejoice at her death. To such I will say, 'You have got your wish, and may the devil do you good with it.'" And now that the doors are soon to be opened to indiscriminate rate cutting in Michigan, a little advice to those gentry who know so much may not be amiss.—*Berne*.

#### Brokerage.

The salvage of this unnecessary expenditure would make fire insurance easy; easy in its finances, easy in its practice. It is the one great prominent chock under the wheels of its satisfactory progress, the conspicuous impediment in the way of its free prosperity, the peculiar blemish and reproach of the hour, the veritable Micawber's sixpence (save in its magnitude) which marks the chasm between happiness and misery; and you all know it as well as I do, and probably better, and so does every manager and officer in the country; and, knowing it, you still permit, and will continue to permit; worse, you will not only tolerate, you will coddle and humor this terrible vulture which is eating out your vitals! For its sake you deplete your surplus, scant your dividends, and actually pinch your own salaries. Unless the officers and employés of ten to twenty years ago got more than they were entitled to (and no one believes that they did), you are short from one to two millions per annum on your aggregate salaries, while the brokers and agents are plus from five to six millions. For the sake of this Moloch you bow your necks under the load of a heavier liability; you risk the embarrassment of capital; you hazard the interests of stockholders, and stint them in their just returns; you diminish the number and enlarge the labor of your specials, starve us honest journalists, and present the spectacle of a body of men rolling in wealth,

reeking with millions, and yet howling for very hunger, and practicing upon the mean precepts of parsimony on one side of your code, while you fairly sling away bushels of money on the other! I am irresistibly reminded of Mark Twain's stage-driver, whose route was in the Apache country, who declared that he was in danger of starving in the midst of plenty because he was so riddled with bullets that he couldn't hold his victuals!—*Hine.*

#### Narrowing and Demeaning.

Our occupation is one that in many of its features is contracting. It is a business of detail; the ordinary phases of it call for persistent attention on monotonous lines. There is but little scope for originality. The office work is steady routine; outside the office there are peculiar influences in our business which tend to narrow the mind. There is no other business that gives rise to so much gossip and small talk as ours. We cannot make our plans and bring them to maturity in secret. The smallest details of the affairs of our companies are spread broadcast by the State officials. The amount of profit or loss each year, the amount of business in each town and city, the amount of salaries paid—all these matters, which in other lines of business would be scrupulously concealed, are with us open to the inspection of all. Having agents in common, all these various items are considered and must be talked about. Now all this chatter is demeaning. Our losses, as they are from time to time published, give occasion for more talk, until we find ourselves taking on complacency, not so much for the success we each attain, but the greater disaster of our competitors. This alertness to record the misfortunes of others is to the last degree narrowing.—*Hall.*

#### Broadening and Elevating.

This association has accomplished much in raising the standard of our business. It has opened up lines of thought, and given incentive for inquiry research—has shown that there is in the business of fire underwriting scope for the highest mental effort; that we need not sink to the level of mere

routine, we need not make the gossip and prattle of the trade the controlling influences in it, but our aspirations may be as high, and our attainments may be as great as can be offered by any profession. It is only necessary to examine the annual proceedings of this association and the programme of the present meeting, to have ample evidence of the possible scope of fire underwriting. There is scarcely a branch of physics that has not been levied upon for its contribution to the better equipment of its members for the discharge of their daily duties. This attempt to get the most out of our occupation, this encouragement to studious effort, broadens the mind and frees it from the fetters that the routine of our business fosters upon it.—*Hall.*

#### The Security of Modern Business

rests upon the unquestioned ability of the companies to fulfill their obligations, which extend not only to the payment of current and individual losses, but involve the accumulation of a surplus to meet the shock of great conflagrations which the lines of credit would otherwise convey with disastrous results to every part of the body economic. Every policyholder has a contingent interest in this reserve, and, in the freedom accorded an ignorant or unscrupulous management to waste it in supplementing inadequate rates on new business, is about the only extortion which insurance companies are encouraged to practice.—*Whittemore.*

#### Rating.

The consistent exercise of an intelligent discrimination in rating enlists on the side of sound underwriting the dominant motive of commercial activity—self-interest. It is a practical demonstration of the theory that the price of insurance bears some definite relation to its cost; and a recognition of the obvious fact that it costs less to insure prudent and competent management and substantial construction, than reckless and incompetent mismanagement, flimsy construction, and a disregard of every precaution against fire. It furnishes an effective argument in favor of the increased first cost of substantial buildings, for a wise

liberality in the methods of conducting business, and for the necessary expenditure for improved appliances for preventing and extinguishing fires; and, finally, the means afforded by the close and permanent relations of local boards to the public would secure a more effective application of this method than the companies alone have been able to secure, and the results attained would largely remove the vague dissatisfaction on the part of the public wherein has originated every definite measure of apparent hostility toward the business of insurance, in whose welfare the public has an incalculable interest.—*Whitmore.*

#### Compact Figures.

If the compact system was the true solution of the difficulties heretofore contended with, or at least a move in the right direction, then, surely, the resulting percentages of premium to amount at risk and of loss to premium must prove it so. But they fail to furnish this highly desirable and really vital evidence, and demonstrate something very different instead with glaring clearness. The average annual percentage of premium to amount at risk during the eight years from 1877 to 1884, inclusive, stood at .88, and the average percentage of loss to premium received at .56½, while the corresponding figures for the average of the two succeeding years stood at .81 and .58, respectively. That is to say, there was a depreciation in the percentage of premium receipts for the total amount at risk, from .88 to .81, equal to a shrinkage of 9.2 per cent. from former results, and an increase in the percentage of loss outgo, from .56½ to .58, equal to 2.7 per cent. This shrinkage of premium occurred in eight companies out of the ten, and the increase of loss in six of them. At the same time the average percentage of management expenses increased from .32 for the first eight years to .33 for the last two years, equal to about three per cent. on the former amount.—*Guelich.*

#### Burlington Compact.

And now, what are the figures for Burlington? The books show that from July 1, 1884, to June 30, 1885, the manager's of-

fice passed on gross premiums to the amount of \$80,880. That for the year following this was reduced to \$69,462. And that the year just closed produced gross premiums of but \$68,004. In other words, as between the third and first year of the operation of the compact, there is a shrinkage in gross premiums at our place of pretty nearly sixteen per cent! And that, again, is but a different way of saying that the income of our agents in our city has been reduced by about one-sixth, while their labors have been doubled and trebled. Nor do we seem to have reached bed rock yet.—*Guelich.*

#### What the Public Wants.

In securing protection against the destructive effects of unregulated competition, the public desires some assurance that the means employed shall not become the instrument of corporate extortion. A glance at some of the fixed conditions of the business should suffice. Fire insurance companies are organized among the people to meet a public demand. The profitable employment of invested capital, as well as the character of their indemnity, are like matters of public concern. Their executive officers are directly responsible to the business men who compose the directories and hold the stock. They have individually no existence apart from the people. In relation to each other they are competitors. The concentrated values in the crowded districts of large cities and in a few isolated establishments, mercantile and manufacturing, require more insurance than can be furnished by all the companies now in existence, and the prevailing tendency toward centralization of values indicates an increase rather than a diminution in the number of companies. Outside these large lines is probably seventy-five per cent of the total insurable values of the country, so located that twenty companies selected from the one hundred and seventy-five competing for it could safely carry it all. With this enormous prize to stimulate the skill and energy of management of the individual company, and with an untrammelled freedom on the part of the public to organize new companies whenever the ap-

parent profits of the business shall tempt fresh capital into the field, the suppression of healthful competition and the creation of a monopoly in insurance is clearly an economic impossibility.—*Whittemore*.

### LAW INTELLIGENCE.

In a case where a policy was renewed upon the solicitation of the company the Connecticut Supreme Court has decided that the policy may be reformed to correspond with the original, after the loss; and that the policyholder was under no legal obligations to read the renewed policy, which he naturally believed to be a copy of the former policy. In *Kruger v. Western Ins. Co.*, the California Supreme Court held that a renewal of a policy implied also a renewal of the representations of the agent of the company. Both decisions appear to us to be in the line of good law and good sense. The "renewal" of a policy certainly does not mean the renewal of a part only, with the elimination of one clause and the addition of another, without the knowledge of the assured.

The policy insured against injury by "external, violent and accidental means," and excepted disability or death "by taking poison." The insured died of malignant pustule, contracted while working in a meat market and freight office where hides and cattle were received, and the uncontradicted evidence showed that the cause of death was putrid animal substance upon the exterior of the body, working inwardly, and usually communicated from bodies or skins of animals suffering from diseases in the hair. The United States Mutual Accident Association of New York refused to pay the policy or certificate on the life of insured, but the New York Supreme Court has held the concern liable.

The policy provided for forfeiture in the event of false swearing, but the court held that it was incumbent on the defendant to show that the insured knowingly and intentionally swore falsely to the proofs of loss in some material respect.

The local agent at times had control of the local agencies of his company, and

signed his name as general agent. The Iowa Supreme Court therefore held that he was the company's general agent, and that notice to him of the erection of a new building adjoining that of the plaintiff policyholder was notice to the company.

We invite the attention of our Prohibition friends to the fact that it has been definitely settled by the highest court in the land that an occasional spree or excess does not make a man an habitual drunkard. This was in *N. W. Mutual L. In. Co. v. Muskegon N. Bank*. The court further held, and said without fear of *Insurance*, that when a man drinks *periodically*, and with "increasing frequency and violence"—how can a man drink violently?—such a use of liquor is good ground to support a finding of habitual intemperance.

The courts always recognize the fact that the assessment certificate is not a contract for any specified amount. In two recent decisions—*Newman v. Cov. Mut. Ben. Ass.*, and *Tobin v. West. Mut. Aid Soc.*—the Iowa Supreme Court decided that the assessment contract or certificate sued on does not justify a judgment for the maximum sum.

### Digest of Recent Insurance Decisions.

#### Fire.

*Palmer v. Hartford Fire Ins. Co.*: Conn. S. C.

REFORMATION OF POLICY ATTEND ON RE-NEWAL.—After the renewal of the policy it was discovered by the plaintiff that it contained a co-insurance clause, not in the original policy. *Held*, That a policy of insurance may be reformed, although the insured has held the policy until after a loss, in silence and in ignorance, from the omission to read the policy or a careless reading of the necessity for such reformation.

*Held*, That where an insurance company agrees to renew an insurance upon the same terms and conditions as those of a policy previously issued by it upon the same property, which had expired, and solicits the renewal of the insurance; and a material and variant condition is by mistake inserted in the policy issued by it in pursuance of

such contract of renewal, and the stipulated premium is received and retained—in an action to reform the last policy the Court will not hear the claim of the company that it is entitled to the benefit of the variant condition, where the other party had neither actual nor imputed knowledge of the change.

*Held*, That in the Company's promise to renew the insurance upon the same terms and conditions as those of the previous policy, there is a legal justification for the omission of the insured to examine the new policy delivered, and for his assumption that there is no designed variance.

*Held*, That the rule of law that no person shall be permitted to deliver himself from contract obligations by saying that he did not read what he signed or accepted, is subject to this limitation, namely, that it is not to be applied in behalf of any person who by word or act has induced the omission to read.

*Oshkosh P. & P. Co. v. Mercantile Ins. Co.*: U. S. C. C., Wis.

**TOTAL LOSS—WHOLLY DESTROYED.**—The expression "wholly destroyed" is equivalent to "total loss," which as applicable to a building, does not mean that the materials of which it is composed are utterly destroyed or obliterated, but that the building, though some part of it remain standing, has lost its identity and specific character as a building.

*Ins. Co. N. A. v. Brim*, Ind. S. C.

**ALTERATION OF POLICY—INSTRUCTIONS.**—Defendant company appealed, alleging as a defense that the policy had been altered after delivery, and that the proofs of loss were deficient and tardy, and that the instruction of the trial court was erroneous.

*Held*, That an instruction is correct, which states that if a fair preponderance of the evidence shows that the policy was signed and delivered by the defendant company to the plaintiff, the burden is on the defendant to show any alteration, and if any appears, that it was made after delivery.

**IMMEDIATE NOTICE MEANS REASONABLE DILIGENCE.**—A condition requiring immediate notice in case of loss means that the

assured shall use reasonable diligence in giving such notice. Such reasonable diligence will depend on the circumstances of each case, and where the facts are in dispute, or when they have been ascertained by the proper tribunal for that purpose, it then becomes a question of law whether the notice was reasonable, and if the facts are disputed, it is a question for the jury.

*Keyser v. Hartford F. Ins. Co.*: Mich. S. C.

**OTHER INSURANCE.**—At the time the policy in suit was issued the property was already insured in another company. Each of the policies contained a condition that it should be void upon other, then existing or subsequent, insurance being had, whether such insurance was valid or invalid. *Held*, That the condition in the earlier policy did not invalidate it at once upon the issuance of the later, and that the later policy was void.

*Firemen's Ins. Co. v. Floss*; Md. C. of A.

**PROOF OF LOSS—WAIVER.**—By one of the conditions in the policies the parties insured were required to render to the company within a reasonable time "a full and particular account of their loss, to be signed by their own hands and verified by their oath and affirmation." Only one of the parties signed and verified the particulars. The company did not object to the sufficiency of the particulars until after action brought, and in the first instance based their refusal to pay upon other grounds. *Held*, That they had waived any objection to the sufficiency of the particulars.

#### Marine.

*Bugby v. Phoenix Ins. Co.*: U. S. C. C.

**SALVAGE.**—Under a policy containing the clause "free from particular general average less than fifty per cent." there can be no recovery from the insurer of salvage and agent's expenses, when there are other insurers, and the proportion of loss payable by the respondent is less than fifty per cent. of the amount of the policy.

#### Life.

*Amick v. Butler*: Ind. S. C.

**GAMBLING INSURANCE SUSTAINED.**—By agreement the insured debtor applied for insurance for the benefit of his creditor, to

whom he owed \$600. In the certificate received, his creditor Amick, or his heirs and assigns were designated as the beneficiaries, and entitled at his death to \$2,000. It was agreed that the debtor might at any time pay the debt and cost of insurance, etc., and in turn have the policy turned over to him. After deducting the amount of the indebtedness and the sums advanced for the insurance, the excess received from the company amounted to \$1,250.58.

*Held*, That where a debtor at the solicitation of his creditor effected an insurance on his life for the benefit of his creditor, and agreeing to pay the expense of effecting the insurance and keeping the policy in force, with a condition that the debtor might at any time pay the debt and reimburse the creditor for outlays in effecting and maintaining insurance and entitle himself thereby to an assignment of the policy—after the death of the insured and the payment of the amount named in the policy to the beneficiary Amick, an action cannot be maintained by the administrator of the insured against the beneficiary to recover the excess paid over the indebtedness.

*Parsons v. Charter Oak Life Ins. Co.* U. S. C. C., Ia

**RECEIVER. — JURISDICTION.** — Defendant company, a Connecticut corporation, owned real estate and had policy-holders in Iowa, and, having become insolvent, a receiver was appointed by the Connecticut Court. Afterward, in a suit by Iowa creditors, the Iowa Court appointed a receiver of the property located there, it being claimed that the Iowa creditors had a superior right to such property, and that a foreign receiver did not control assets outside the State where he was appointed. *Held*, That, as the statutes of Connecticut provided for receivers, it was a part of the contract with policy-holders that, in case of insolvency, such receiver should marshal all the assets, so that his powers were not limited, as those of a receiver usually are, and the Connecticut receiver controlled all the assets. *Relfe v. Rundle*, 103 U. S., 222.

#### **Fidelity.**

*National Life Ins. Co. v. Olhaaber*: Cin. S. C.

**LIABILITY OF SURETY—KNOWLEDGE OF COMPANY.**—The surety defended upon the

ground that the company knew of such misconduct and breach of duty, but fraudulently failed to disclose the fact to the surety. *Held*, That the failure by a life insurance company to communicate to a surety of its agent its knowledge of any misconduct by such agent will discharge the surety from further liability on the bond only when such misconduct is of a character that if it occurred before the giving of the bond it would have been a fraud by the company not to disclose it to the proposed surety. *Held*, That it would be unjust to a company to require it, as between it and the surety, to be on its guard against every act which might possibly proceed from dishonest intentions when the surety has vouched for the absence and continuing absence, of such dishonest intention.

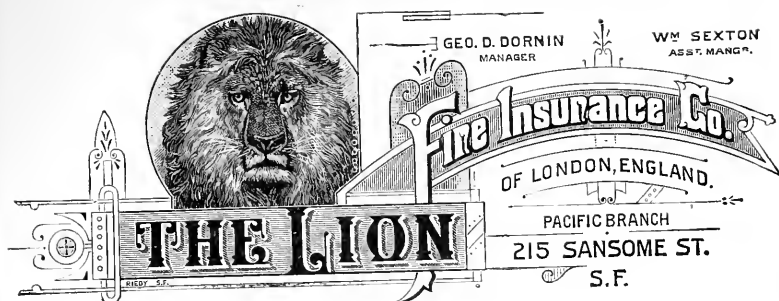
*Burlington Ins. Co. v. Johnson*: Ill. S. C.

**MONEY ADVANCED TO AGENT.**—An agent entered into a written contract with an insurance company for carrying on the business of the company, and, at the same time, gave a bond with sureties to the company to secure his faithful performance of the contract. Under the contract the company was not required to advance any money to the agent for any purpose, nor did the contract contain any covenant that the agent should repay any money advanced to him. *Held*, That the sureties were not liable on the bond for any moneys advanced to the agent, their principal, to enable him to prosecute his business for the company. *Held*, That the undertaking of a surety is to be strictly construed, and his liability will not be extended beyond the precise words of his agreement by implication or construction.

#### **California Supreme Court Decision.**

*Parol Contract to Renew—Gold & Co. v. The Sun Insurance Company.*

An action to recover from the defendant the sum of \$500 for failing to comply with contract to issue to the plaintiff a fire insurance for the sum last mentioned. The complaint was demurred to, the demurrer overruled, and, the defendant having failed to answer over, judgment was rendered for



*Subscribed Capital, - - - \$4,125,000 00*  
*Capital and Gross Assets, - - 4,712,747 00*

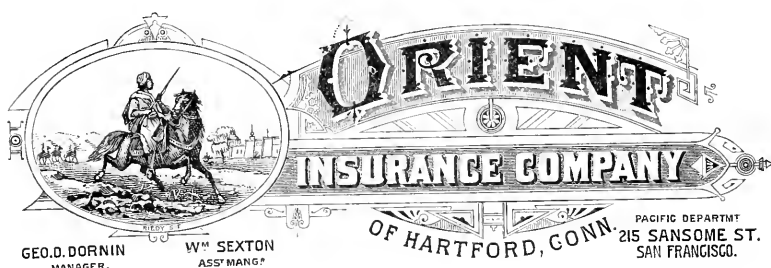
**PACIFIC DEPARTMENT FOR**

**The States of California, Nevada, Oregon, Colorado, the Territories of Washington, Idaho, Montana, Wyoming, Utah, Arizona, New Mexico, and the Hawaiian Islands.**

GEO. D. DORNIN, Manager.

WM. SEXTON, Assistant Manager.

*215 Sansome Street San Francisco, Cal.*



*Capital, - - - - - \$1,000,000 00*  
*Assets, January 1st 1887, - - 1,604,486 00*

**PACIFIC DEPARTMENT FOR**

**The States of California, Oregon, Nevada, and the Territories of Washington, Idaho, Utah, Arizona and New Mexico.**

GEO. D. DORNIN, Manager.

WM. SEXTON, Assistant Manager.

*215 Sansome Street, San Francisco. Cal.*





1803

# IMPERIAL

FIRE INSURANCE CO., OF LONDON.

(Instituted 1803.)

*Capital Paid in, - - - - \$3,500,000 00*  
*Assets, January 1st 1887, - - 9,658,479 00*  
*Invested in the United States, 1,620,505 63*

## PACIFIC DEPARTMENT

Having Jurisdiction over the States of California, Oregon, Nevada, Colorado,  
 and the Territories of Washington, Idaho, Montana, Wyoming,  
 Utah, New Mexico and Arizona.

GEO. D. DORNIN, Manager,

WM. SEXTON, Assistant Manager.

*215 Sansome Street, San Francisco, Cal.*



# WASHINGTON

FIRE AND MARINE INS CO.

OF BOSTON.

*Capital Paid in, - - - - 1,000,000 00*  
*Assets January 1st, 1887, - - 1,949,467 00*

## PACIFIC DEPARTMENT

Having Jurisdiction over the States of California, Oregon, Nevada, Colorado,  
 and the Territories of Washington, Idaho, Montana, Wyoming,  
 Utah, New Mexico, and Arizona.

GEO. D. DORNIN, Manager.

WM. SEXTON, Assistant Manager.

*215 Sansome Street, San Francisco, Cal.*

the plaintiff as prayed for, and from that this appeal is prosecuted. The demurrer went to the point that the complaint did not show facts sufficient to constitute a cause of action.

The pleading in question alleges an agreement on the part of the defendant, a fire insurance company, upon a day certain to renew a policy of insurance on a saloon, bar-room fixtures, etc., belonging to the plaintiff. It states the date and amount of the original policy and the property which was by it insured, its value, and that the contract was for a renewal of that policy upon the same property and for a like amount. That, relying on the promise to renew that policy, and the insurance company having received a valuable consideration for such promise from the plaintiff, the latter had not obtained any insurance upon the property, and that at the time he suffered loss of it from fire he was under the belief that the defendant had insured it by a renewal of the policy, and that he was not aware of the breach of the contract by the defendant until the loss had occurred. That by reason of that breach and the loss occasioned by the fire the plaintiff has been damaged in the sum of \$500, which was the amount of the policy to be renewed, and that no part of that sum has been paid.

The defendant contends that the demurrer should have been sustained: First—Because the terms and conditions of the policy originally issued, and for the renewal of which the contract was entered into, were not stated in the complaint. Second—That it was not averred that the premium for the renewal was paid or satisfaction made therefor. Third—That no proof of loss was furnished as required under the original policy.

In the first place we understand that a parol contract to issue a fire policy made by an insurance company, authorized by its charter to issue policies of that kind, is valid, and that such a contract can be enforced by compelling a specific performance by the company, or in action for the breach of the agreement, and the question always is,

whether, having agreed upon the terms of the insurance and to issue a policy therefor, the company is liable for the failure to do so. *Ellis v. Albany City Fire Insurance Company*, 50 New York, 405-408. The defendant was informed by the language of the complaint when the contract to renew a certain policy of insurance was made, what was its subject matter, for what amount the property was insured, and that it was made and entered into for a valuable consideration; thus it seems to us that the terms of the contract as agreed upon were sufficiently stated. A sufficient contract having therefore been thus stated in the complaint, we cannot presume in the absence of any such allegation in the pleadings that there were any terms or conditions in the original policy a breach of which would defeat the plaintiff's right to recover in this action.

There does not seem to have been any need to have stated that a premium was paid, or the amount of it, or that satisfactory arrangements had been made for its payment. That could have been proved under the allegation that a valuable consideration had moved to the defendant from the plaintiff as the basis of the contract to renew the policy, and had it been denied in an answer that such consideration did so move, the defendant under the issue thus made could have introduced evidence to disprove the fact that any such consideration had thus moved. There was no necessity to make a proof of loss as required by the terms of the policy, which had been agreed to be but never was received, and which the defendant, repudiating its contract, refused to renew. *Taylor v. Merchant Fire Insurance Company*, 9 Howard, U. S. Reports, 390. The demurrer was therefore properly overruled and the decision should be affirmed.

#### Warranties and Representations.

We extract the following from a recent decision:

Writers on the law of insurance agree that there is a marked distinction between a warranty and a representation, although it is not always easy to distinguish the one from the other. A representation is said to

be a statement incidental and prior to the contract of insurance. Wood on Insurance, section 177. It is in its nature a part of the contract and is usually described by the term "collateral." May on Insurance, section 103. It is defined by Daer to be a statement of facts or information tending to increase or diminish the risks made prior to the execution of the policy to the insurer in order to guide his judgment in forming a just estimate of the risks he is desired to assume. Daer on Insurance, page 656, section 8.

On the other hand, a warranty enters into and forms a part of the contract itself. It defines, by way of particular stipulation, description, conditions or otherwise, the precise limits of the obligation which the insurers undertake to assume, and no liability can arise except within those limits. May, sections 183, 156.

An express warranty is a stipulation inserted in writing on the face of the policy on the literal truth or fulfillment of which the validity of the entire contract depends. By it the assured stipulates for his strict compliance with some promised line of conduct upon penalty of forfeiture of his right to recover should the term of contract promised be unfulfilled. *Ib.*, section 179.

Warranties are of two kinds: Affirmative, or those which allege the existence at the time of insurance of a particular fact, and avoid the contract if the allegation be untrue; and promissory, or those which require that something shall be done or omitted after the insurance takes effect and during its continuance, and avoid the contract if the thing to be done or omitted be not done or omitted according to the terms of the warranty. *Ib.*, section 157; Wood, section 175.

From the distinction between a warranty and a representation, important consequences flow. One of these is that in case of warranty the question of materiality does not arise, while in case of representation it always does. It is necessary in order to charge the insurers in a case of warranty to show that every one of the terms and conditions which define their liability has been complied with, and the burden of

proof is on the assured. On the other hand a representation needs not, like a warranty, be strictly and literally complied with, but only substantially, and in those particulars which are material. May, section 184, *Adema v. Insurance Company*, 36 A., 660.

### Live Stock Insurance.

We have been requested by some of our readers to give some information concerning the organization of companies for the insurance of live stock, and the rates of premium to be charged upon the several classes of animals usually covered by such policies. This we do without entering into a detailed history of live stock insurance on this continent. Unlike fire, marine or life insurance, which from long experience and close observation have been reduced almost to a science, and in which the cost and rates to be charged can be closely approximated, the covering of live stock against natural and accidental death has not yet been practised to such an extent as to enable insurers to classify the attendant hazards of the several risks, more especially the moral hazard, which from the many temptations presented, and which cannot be avoided, must ever form a prominent element in the calculation of rates. All rates heretofore fixed in this branch have been simply tentative, a guessing the nearest approach to fact that the light of experience so far gained could furnish, and the result has not yet been of a nature to hold out much encouragement to live-stock insurance.

In several companies, the figures of which are at hand, we find rates about as follows:

	Per cent.
Horses for agricultural purposes only.....	5 to 7
Horses in cities for general purposes.....	5 to 7
Horses in cities, hacks, cabs, etc.....	5 to 10
Horses, canals exclusively, uninsurable.	
Horses—stallions for breeding.....	6 to 10
Cattle in country on farms.....	5 to 6
Cattle six months old, three-fourths, and three months, one-half of annual rates.	
Cattle—extra breeds, bulls, etc.....	6 to 8
Cows in the country.....	5 to 7
Cows in towns and cities.....	6
Sheep on farms running at large.....	8
Sheep, including loss by wolves and dogs...10	
Pigs, about same as sheep.	

Some of the provisions of the policy were

as follows: The stock must be well fed and well cared for. Company not liable for stock allowed to stray on railroad tracks; or through wanton or gross carelessness; or through intoxication of employés; or for animals lost or stolen; or from injuries arising from violent driving, racing, or the process of pricking or docking, unless especially agreed for and extra rate charged therefor; or if destroyed in civil tumults, or from any disease with which they might be afflicted prior to the insurance. Sick or diseased animals must not be permitted to be introduced among insured stock, and in every case of death five dollars shall be deducted from the amount of the insurance, as salvage, and the skin and carcass shall be the property of the insured.

This class of insurance is very common in France, and the moral hazard has been found very great, the substitution of one animal for another is so remarkably easy. We read of cases where one or two of the inhabitants kept up an insurance for the benefit of the community. As soon as an animal died in the village the hide was immediately transferred to the stable of the insured; one of the congenors of the deceased is driven out, one as nearly resembling the defunct as may be in marks and size, and then the company is notified of the loss. This was carried on successfully for a time; but the frequency of losses led to an investigation, and the fraud was discovered.—*Insurance and Finance Chronicle, Montreal.*

### Fire Underwriters and Fire Departments.

FROM AN ADDRESS BY CLARENCE KNOWLES  
BEFORE THE NATIONAL ASSOCIATION OF  
FIRE ENGINEERS.

It is held by many underwriters that insurance companies have nothing to do with encouraging fire departments, or inducing the protection they offer; that their legitimate business is to insure property as they find it, charging therefor a rate commensurate with the hazard, but happily the South-Eastern Tariff Association does not accept this view as orthodox, and by concessions in rates encourages all manner of

water supply and fire protection, from gravity water works and paid departments to the "garden squirt" attachment of a private residence.

Five years ago when we organized that association, the paid department in this section could have been numbered on the fingers of one hand with several to spare, and protection of any kind, except the most meagre and primitive, was unknown, save in the larger places. Now, under its fostering care and assistance efficient paid departments and ample water supplies guard nearly every city, and the smaller places as a rule enjoy protection adequate to their needs. The records of the association show as the result of its efforts, water works and paid or partially paid departments in forty cities and towns in the States of North and South Carolina, Georgia, Florida and Alabama, over which it has jurisdiction, and seventy-two smaller places which have been induced to supply more or less adequate protection. Georgia to-day has more paid departments than the entire field had formerly.

The manner in which we have accomplished these results may not be new to you, but will bear repetition. The Tariff Association has formulated and adopted four different systems of classification of cities and towns, ranging from the entirely unprotected place to the city with all modern appliances for fighting fire. For each class a schedule of rates has been adopted, varying nearly fifty per cent. between the first and fourth classes—the unprotected town of course paying higher rates than the one well guarded. Every town in the States covered has been rated, the schedule of its class being specifically applied to each building therein, and when the fire department has been secured or improved, the town is removed from the lower class to the one its protection entitles it to, and the rates reduced accordingly. The following is the classification referred to:

First class.—Paid fire department and public water works. Having fully equipped paid fire department, organized on efficient basis, public water works (gravity pressure or Holly system, with duplicate pumps and

engines, the pressure in either case to be sufficient to throw water over the highest buildings,) sufficient number of steamers drawn by horses belonging to department, hose reels with adequate supply of hose, hook and ladder apparatus, salvage corps, and electric fire alarm system.

Second class.—Volunteer or partly paid fire department and adequate water supply. Departments to be organized on efficient basis, furnished with steamers, hose reels and adequate supply of hose, and hook and ladder apparatus. Water supply to consist of public works with gravity pressure corresponding to standard for first-class cities and towns, or if adequate to needs of the place, public cisterns of sufficient number and capacity, placed at convenient distances and kept filled at all times with water.

Third class.—Cities and towns with volunteer fire departments, having steamers but inadequate water supply, or hand engines and adequate water supply. Departments to be furnished with steamers or good hand engines, hose reels and adequate supply of hose, also hook and ladder apparatus. Water supply to consist of cisterns to be kept filled at all times—or water supply may be furnished from available streams.

Fourth class.—Towns having no fire department or water supply, or whose fire department and water supply are inadequate. In addition to the classification of cities and towns, the association carries its system of reward by low rates for protection afforded into buildings and risks of various kinds, and this entire section is dotted with cotton warehouses, factories, oil mills and phosphate works, which are monuments to its belief in safe construction, ample protection and low rates. If the principle of "no improvement, but charge as you find the risk" prevailed, we would not supply plans for safe construction and protection, and reduce our rates when our suggestions are carried out, but would consult our personal interests as agents who are compensated on the gross amount of premiums received, and discourage improvements and low rates. While we are underwriters, yet we are citizens of the commonwealth, and interested, as all

public spirited people should be, in reducing the enormous annual fire waste, which is sufficient to impoverish any country not blessed with the productive and recuperative powers which this has.

I find that the losses paid by the companies in Georgia the year after our organization amounted to \$1,393,079, in 1884 to \$784,032, in 1885 to \$486,279, and in 1886 to \$499,217, showing a steady yearly decrease which we believe to be due mainly to the improvements of methods of construction, and the introduction of efficient fire departments under the auspices of our association. The proof of this is the fact that premium receipts have declined nearly \$200,000 since 1884, and the amount of insurance carried is \$16,000,000 less, while the average rate of insurance has declined from 1.32 that year to 1.22 in 1886, showing that with improved construction and better fire protection, the people carry less insurance and the companies charge lower rates. By reason of the increased efficiency of the fire departments of Atlanta and Augusta, the association has reduced the rates in those places sufficiently to make a saving to the people on premiums paid of from \$30,000 to \$40,000 per annum, by which it will be seen that the money expended in improving a fire department is a profitable investment to the community. Georgia enjoys a lower average rate of insurance than any State in the South, except Louisiana, and lower than any State in the West except Illinois, Missouri and possibly Indiana, and this fact is due largely to the work of the Tariff Association, which instead of making blind and arbitrary rates, equalizes them according to the hazard and reduces them for improvements.

A few years ago, Atlanta, which your practiced eyes will soon tell you is not well built, had an inefficient department, an inadequate water supply, and numerous and disastrous fires were the consequence. The underwriters advanced the rates fifteen per cent., and attached to each policy a red slip telling the people why the increased rate was charged, and promising a reduction when improvements were made. This made each insurer interested in having the fire

department placed on an efficient basis, and his influence was used in that direction. The underwriters did more; they added to the salary attached to the office of chief, an amount sufficient to secure a desirable man, with the understanding that he should act as inspector to buildings.

### A Mossy Chestnut.

A Denver subscriber sends the following rhyme, purporting to be written by his Kansas agent, one McGinnis, in reply to the 15 per cent. circular, sent out generally through the West several months ago. We print it, not because it is new, but because it is good and has not yet appeared in the COAST REVIEW. The author doesn't look at the proposition exactly as we do, but we forbear to entitle Mr. McGinnis' verses, "He's Agin Us:"

Your letter is at hand, and its contents closely scanned,

And in answer I have only this to say,  
That when all is said and done, while a few may  
work for fun,  
The most of us prefer to work for pay.

So this is my decision on the question of commission,

I've arranged it in a simple little rhyme —  
That I can't see where the sin is, of working for  
McGinnis,  
And getting all that's in it every time.

And while companies are plenty that are willing  
to pay twenty,

I should look upon myself as being green,  
To give them all the shake, and be obliged to take  
The companies that only pay fifteen.

In your letter you request, that in case I acquiesced

To the contract, I should there attach my name,  
But as this I can't agree to, I respectfully write my  
veto,  
Return it to the office whence it came.

### Creditor's Rights Under Life Policies.

The Indiana Supreme Court has rendered a decision which gives the creditor the full proceeds of the policy assigned to him by the debtor, regardless of the fact that the insurance money was over three times the debt, including interest and premiums. Considering the source, this decision, which practically upholds gambling life in-

surance contracts, need not surprise any body; for Indiana tolerates the vilest graveyard insurance schemes, and is notorious for the corruption of justice in her high courts. It is not a sufficient defense of this singularly unjust decision to say that the State has no statute covering the subject, nor that the common law permits such contracts. The payment of any unreasonable excess over a debt to a creditor to whom the policy was assigned, makes the contract a wagering one, without regard to the existence of any insurable interest as creditor. As a wagering contract it was contrary to public policy, to the extent of the excess over the debt which was paid to the creditor. The payment of this excess to the creditor was manifestly contrary to public policy, and the higher court therefore had an undoubted right and was in duty bound to sustain the decision of the lower court, and order the creditor to retain only the third which the debtor owed him, and pay the remaining two-thirds to the administrator of the deceased debtor.

The Alabama Supreme Court holds that a life policy taken by the father for the benefit of his minor children is not exempt from creditors under the statute which protects a policy taken out by a wife for herself and children.

This decision is to be regretted, as discouraging life insurance among a class—the debtor class—who most need life insurance. The law exempting the proceeds of a life policy from creditors should be broad, and be liberally interpreted by the courts. The average mortal has not a sufficient consideration for his creditors to carry a policy for their benefit, but he is often willing to pay the annual premium for the benefit of his dependents. Life insurance is primarily a benevolent undertaking—a wise plan for the relief and protection of the family. It was not designed to build up estates nor to indemnify creditors. The law, therefore, should exempt life policy proceeds from creditors, except in cases of assignment or the absence of dependents. Endowment policies being usually provisions for old age, should also be exempt. The interest of the creditor should be limited, in the

case of an assigned policy, to the amount of the debt, with interest.

Creditors, as a rule, are men who assume a slight risk of loss in consideration of a reasonably certain gain. Under these circumstances it is audacious in the creditor to try to indemnify himself out of a fund contributed for the relief of the widow and children. The proceeds of a life policy in any company are merely such a contribution of all the members. The most liberal laws protecting the insurance money from the greed of creditors may therefore be fairly demanded in every State in the Union.

### Six Months' Figures.

Fire offices operating in California have reported to the Georgia authorities the following figures for the first six months of the present year:

Companies.	Premiums.	Losses.
Amazon, Ohio.....	\$135,526	\$76,983
American, Pa.....	667,575	444,800
British America.....	298,821	217,006
Citizens, N. Y.....	257,997	202,583
Commercial Union.....	937,621	635,596
Continental.....	1,128,616	841,836
Connecticut.....	491,830	317,434
Fire Insurance Association...	358,879	282,888
Fire Association, Pa.....	779,975	541,792
German American.....	1,377,062	646,076
Guardian, Eng.....	350,236	210,063
Germania.....	615,400	313,178
Hanover.....	577,078	419,755
Hamburg-Bremen.....	413,250	308,447
Hartford.....	1,148,175	642,026
Home, N. Y.....	1,764,910	1,102,900
Imperial.....	500,379	350,782
Ins. Co. of N. A.....	1,575,317	1,170,962
Lancashire.....	613,127	477,713
Lion.....	192,015	137,388
Liv. & Lon. & Globe.....	1,800,139	1,257,938
London Assurance.....	333,729	262,143
London & Lancashire.....	454,530	306,418
Mechanics, N. Y.....	128,678	91,067
Merchants, N. J.....	264,396	165,554
Norwich Union.....	398,169	302,087
North Brit. & Mer.....	861,722	602,152
Niagara.....	760,994	378,499
Northern.....	433,415	262,146
Orient.....	320,926	212,722
Phoenix, London.....	587,231	517,815
Phenix, N. Y.....	2,458,675	1,855,346
Phoenix, Conn.....	1,089,847	672,285
Queen.....	649,111	475,358
Royal.....	1,190,809	845,895
Scot. Union & National.....	236,855	129,474

Sun Fire .....	\$417,901	\$428,126
Western.....	529,949	354,594
Westchester.....	443,493	251,556
Willimsburg City.....	247,483	141,322

### The Chicago Meeting.

That the Fire Underwriters' Association of the Northwest met in Chicago on the 14th ult. is doubtless a familiar and more or less interesting fact to the reader. Perhaps a hundred members, or a third of the membership, were present—which is a much better turnout than our smaller San Francisco association has ever reported. The papers were better than usual, which is not necessarily saying much—but this time we can truthfully say that the papers were very good. Nearly all the brighter, more practical, less hackneyed portions we print in the "foreground" of this number of the COAST REVIEW, and thus save much time to the average reader who may wish to get at the meat of all that was written.

The paper entitled "Something Besides an Insurance Man," was a welcome departure from the usual humdrum business topics; but as this is not a literary journal we must deny ourselves the pleasure of reprinting "The Smack at School," and "Soft and Softer," amorous rhymes by undertakers—no, underwriters.

Lieutenant Finley's very interesting paper on "Meteorology" was an instructive diversion, chiefly devoted to the discussion of tornadoes and cyclones, of which the Pacific Coaster is supposed to know nothing. By the way, why does not the Fire Underwriters' Association of the Pacific get some *savant* to prepare a paper on earthquakes, showing the relation or non-relation of these subterranean disturbances to insurance? Perhaps the Pacific Coaster already knows too much of them.

President Williams' peroration was both eloquent and truthful. Here it is—a tribute to fire insurance:

Not one-tenth of the 100,000 miles of railroad would have been built except for it; the factories have been brought to their present condition by it; capital has been unlocked and made useful by it; villages, cities and hamlets have been protected by it. Insurance has secured and obtained loans for enterprising talent and for the development of farm and mill; has extended its protective encour-

agement to imports and exports; has protected the capital of the rich and saved the humble home of the poor. Its system is the fullest fruition of the ingenuity and philanthropy of man for the protection of man. It rebuilds waste places and develops the almost boundless domain. It is the husbandman and dispenser of the wise and bounteous provision of the thoughtful for the care and preservation of the fruits of toil. Without it the avenues of trade would be deserted. Without it commerce would almost cease. Why not then protect it? Why not encourage it? Why paralyze its strength with burdensome taxes, and divert it from its only and sole purpose of restoration by making its contracts waver ones? When protected, it will be protecting, and thus honored it will hand-in-hand with trade and industry go on with harmony in the peaceful and beneficent purpose of its origin.

Franklin McVeagh, a wholesale grocer, of Chicago, and a brother of a formerly well-known Pennsylvania politician, read a paper on "Some of the Social Aspects of Fire Insurance," in which he aired his own or his brother's free trade views. The paper was an able one. The author held that the protection sentiment of this country is responsible for much of the legislation hostile to insurance interests—that all but the local companies are regarded as foreigners and the legitimate subjects of embarrassing legislation. This idea, though cleverly advocated, will hardly stand the unbiased thought which the free trader may not care to give it. Railway and other corporations created by the State do not find any more friendly sentiments in the average legislature than do the foreign or non-resident corporations. Perhaps nowhere else on earth is there as much hostility to foreign corporations as in free trade England.

Mr. Hines' paper on "Commissions" was particularly good. He showed that the increase of commissions from 15 per cent. to 23.39 per cent., the present average, means, when limited to American companies operating in New York, an addition of \$3,500,000, or more than nine per cent. of the capital invested.

I. W. Holman argued that insurance should be taught in the universities, but as he asks that it should be taught under seven classifications, including architectural, mathematical, legal, etc., he probably asks for too much.

Other papers, by Messrs. Whittemore, Berne and others, are deserving of favorable mention. The discussions following the reading of the papers is said to have been animated and instructive.

The officers elected for the ensuing year are as follows:

President, I. W. Holman; Vice-President, J. C. Myers; Secretary and Treasurer, J. C. Griffiths.

### Failure of the United Friends of the Pacific.

THE ORDER \$115,000 IN DEBT, CONTRACTED WITHIN A YEAR—MANY VICTIMS OF THE "CHEAP INSURANCE" FOLLY.

A little over a year ago the United Friends of the Pacific had 6,000 members. The order was free from debt. The officers presented the financial statement "with pride." To-day the order no longer exists, and it leaves \$115,000 of unpaid claims. This sudden fall from prosperity to bankruptcy and dissolution occurred within fifteen months.

What effected this disastrous failure? Dishonesty — embezzlement? No. Mismanagement? No. What then? A high death rate. The order had practically ceased to grow, as the A. O. U. W. has in this State. The inevitable consequence was a rapid increase in the death rate. The young and healthy members withdrew as the assessments increased, and the assessments increased as they withdrew. The membership fell away one-half within a year, and then came the *denouement*.

It was at first stated that there were \$80,000 of unpaid claims, but this was denied. The actual liabilities were admitted by the officers to be \$53,000. The real facts were concealed, in the hope that the order might pull through; but now that nearly all the councils have withdrawn, and the order is beyond the hope of restoration, it is confessed that the unpaid claims amount to \$115,000, with only \$8,000 in the treasury.

Suits have been entered against the order, but of what value is a judgment against a co-operative, dead or alive? If the fifty-five or sixty claimants will assign their

claims to one party, who will bring suit against the members individually, something may be accomplished. Perhaps three thousand or more members are liable, with an average indebtedness of \$40.00 each. Such an amount will warrant legal proceedings, if all the claims can be brought as one by the assignee.

It is interesting and suggestive to review the proceedings of the fifth grand council of the United Friends, held in San Francisco in May, 1886. The grand councilor says that the collection of the "heavy per capita" of \$1.50 to pay back debts, in 1885, caused much warm, unfavorable discussion, and many of the brother-loving hunters of cheap insurance withdrew. But all the obligations were met, and money was left in the treasury. In reading this report it seems scarcely possible that the order could miserably fail in a year. For example: "Our financial affairs being in such excellent condition," and "the financial business of the year is such that we present it with pride."

If a large and prosperous order can fail and dis-solve within a few months, as this order did, what co-operative member—Workman, Knight, or Bankers and Merchant—can have any reasonable assurance that his own order or association will not likewise break within a twelve-month? He cannot console himself with the thought, on his death-bed, that his certificate will be paid, for however "sound" the society at his death, it may be insolvent before his widow's claim can be attended to in the routine of business.

The grand councilor of the United Friends of the Pacific said: "Something more than has been done during the past two years must be done in the coming year to increase our membership. It is imperative that a sufficient number of new members be added to make up for losses of all kinds, otherwise our assessments will increase." The new members were added; while there was no growth there was no decline of the order; to meet the annual waste was not enough. The assessments continued to increase, not because of careless or criminal medical examinations, not because the membership decreased, but because the av-

erage age increased. As soon as the assessments became burdensome and alarming, and not until then, the membership began to fall away. The alarm degenerated into a panic, and the order failed.

Next!

### Theatre Fires.

A London paper suggests that uniformed police be stationed in the theatres to prevent panics in the case of fires. What or who will prevent the policemen from becoming panic-stricken? The only way to prevent panics at theatre fires is to erect fire-proof theatres, with iron drop-curtains, wire-lathing, asphalt floors, iron stairways, etc., as well as numerous exits. When there is little or no danger from fire, the theatre audience will go out slowly and safely, at the alarm of fire. Recent theatre fires in London and Paris have proved that the only safety is in instant flight. The panic-stricken brute who tramples upon women and children in his mad rush for the door has a far better chance of preserving his worthless life, unfortunately, than has the brave man who remains to assist and encourage the weak. Our modern Thespian temples are cheap sham structures through which the flames can rush with awful and quick destruction.

Here in San Francisco the theatres are as bad as the worst elsewhere. With one or two exceptions they are unventilated, and the corrupt and stagnant air of one night is the same poisonous stuff that gave the visitor such an excruciating headache the month or year before. The paint-smelling air from the mouldy scenery of the stage will send every man in the orchestra out after cloves. But it is not this form of the life-hazard of our theatres that we set out to discuss, but rather the danger from fire.

The California Theatre is probably the worst, and nearly all the others are about equally bad. One is a part of a great hotel building, another is a frame, and all have narrow and insufficient exits. The facilities for escaping from the orchestra and dress-circle are fairly good in nearly all the theatres, but the family circle and gallery

patrons have a reasonable certainty of being roasted to death if a fire occurs. They accept that additional risk, besides a poorer view and fouler air, and harder seats, in consideration of a low price of admission.

The law-makers and the law-executers are indifferent. If there are any good fire laws applying to theatres they are not enforced, not even that law which forbids the occupancy of the aisles. The Tivoli aisles, during the performance of "She," were nightly filled with seats, and the police did nothing. Some of these mornings we shall read in the papers long and graphic accounts of a horrible theatre fire in San Francisco, with great loss of life, we fear.

### A Stock Co-operative Lie.

Both the fraternal and the business co-operative newspapers repeatedly print the old chestnut about the great age of co-operative societies in Great Britain, and from this alleged fact is drawn the comforting deduction that the American hat-passer will also live "hundreds of years." With a thousand dead American co-operatives strewn the shores of twenty years' time, any hope of longevity is as unreasonable as a dream, whatever may have been the experience of similar societies abroad. But there are no similar societies in Great Britain or elsewhere. The American co-operatives are indigenous. The English friendly societies, several of which have attained to a great age by repeated reorganizations, are not operated on the assessment system. They collect certain fixed sums, and their promises of relief are supported by accumulated funds, running from the hundreds of thousands into the millions. They are benevolent associations, operated on business principles. They do not resemble the American hat-passers, fraternal or non-fraternal, in any special feature. Referring to this subject the *Review*, of London, says:

The assessment mode of life insurance, as practiced in the States, is absolutely unknown in this country, and any person claiming for his society that it is based on similar lines to institutions which have worked successfully in Great Britain, is stating that which is absolutely untrue, and

which he probably also personally knows to be false.

We invite the attention of the editor of Dewey's fraternal publications to the foregoing paragraph, but we do not give the invitation in the expectation that it will ever deter him from re-printing the falsehood about English friendly societies.

We further invite the attention of the editor of the *London Review* to the following specimen of American co-operative Munchausenism, clipped from a recent number of the *Watchman* of this city:

The oldest fraternal beneficial society in the world is the Count de Winton Society, organized in 1168, and is still in existence. The next oldest is the Loyal Evanus Society, established in 1358. The Registrar of England reports 89 friendly or beneficial societies in existence that were organized in the 17th century, and over 1,000 such societies that are over 50 years old. In England 10,755 friendly societies are reported, with 7,000,000 members. The Royal Liver Friendly Society, organized in 1850, reports 865,076 members.

### An Indiana Co-operative.

The Indiana auditor gives the following account of a swindle which recently came to his notice:

A woman in Newbury has written me that in November, 1882, she took out a certificate of membership on her father's life in a co-operative. She paid \$6.80 per month on a \$3,000 certificate until October, 1883, and after that \$2.50 per month on \$1,000, paying in all \$121.55. In September, 1885, the company consolidated with another of the same kind, and transferred her certificate to this new company. She paid on this \$58.85 for assessments. In February, this year, there was another consolidation, and she was made a new member in that company instead of being carried in as a holder of a certificate in one of the companies. Directly after this her father died, and the new company paid her only \$50 on the new certificate and the old certificate was declared worthless as the company using it, it was told her, had lost its identity altogether. This woman got only \$50 for the more than \$200 she paid into the original and consolidated companies. Her case is only one of many.

### Converted.

A New York hat-passer has thrown the hat aside and now collects full premiums in advance. The following circular has been issued:

The Home Provident Safety Fund (Life) Association of New York, after extended observation of the returns made to the insurance department by the large number of assessment associations, has reached the conclusion that great injustice and serious breach of equity is involved in that system of assessment life insurance wherein the means of meeting claims by death are dependent upon the collection of money from the surviving members of the association after the death of a member. This injustice and breach of equity is perpetrated by the failure of a no inconsiderable number to respond to the assessment calls when made. It may be that the partial response will suffice to meet a specific mortuary claim, with, perhaps, a surplus. On the other hand it may not be enough to meet the claim. In the latter case the defaulting member defrauds the beneficiary. In the former case he defrauds his associate members, in so much as he fails to bear his portion of the burden undertaken in common with his associates; throwing on them the hazard of his own life without compensation; the delinquent paying nothing to the beneficiary and contributing nothing to the surplus. A system subject to such shortcomings must sooner or later succumb.

### Ancient Order of United Workmen.

This modern order or hat-passing insurance company has fallen on evil times in California. From January 1st to July 1st the membership in the State fell away \$36. If the most active canvassing for new members had not been employed, the decline would have been far greater. The actual withdrawals were in the thousands. It has long been known that there was trouble in the Workmen's camp in this field, owing to the increasing death rate, but we did not suspect the trouble was so serious as this decline in membership indicates. Since 1880 the death rate has increased nearly 100 per cent., rising from six to eleven per thousand. With the practical cessation of growth in this field, three or four years ago, the average age of the membership began to rise, until to-day it is 41 years. The death rate has increased accordingly, thus verifying the predictions of the old-line advocates. The average age of the co-operative membership will in-

crease, and with additional age there is greater mortality. The Grand Medical Examiner will not admit this, of course, but the death rate of eleven per thousand last year has forced him to admit, despite his interests, that "something is wrong."

The present year has brought no relief to the distressed order in this State. The death rate is higher and the membership is diminishing under the mortality pressure. Twenty-one assessments have been levied since January 1st, the most ever yet levied for the same period. The annex association, the Workmen's Guarantee, has had equally bad fortune. Temporary insurance of a far better character could be purchased of the old-line companies for less money.

From the report of the Grand Master Workman at the tenth annual session of the grand lodge of California, held last April, we take the following extracts:

There is a growing disposition, which is very detrimental to our order, to increase its membership at all hazards. And in this over anxiety, we are too lenient in our scrutiny of candidates, and before we are aware we will have among us members of whom we are not especially proud.

The "growing disposition" referred to is a case of necessity. The membership must be increased, and the "growing anxiety" to keep down the death rate by an infusion of "new blood" is natural, and pardonable even if some of the members are of such a character that their fellow "Workmen" can not be "especially proud" of them.

The Grand Master further says:

The query has been by very many recently, Why so many assessments? My reply, The use of intoxicating drinks to excess.

This explanation, if true, is a severe reflection upon the deceased members of the order, and upon the general character of the order. The A. O. U. W. is virtually charged with being an order of drunkards. But the worthy G. M. M. W. is mistaken or wilfully wrong. The correct explanation of the excessive mortality of the order in this State is not drunkenness. Other and more flourishing orders, with as many "drunkards," have a lighter mortality than the A. O. U. W. The true explanation of so "many assessments" is the increased average age of the members. The Grand

Master won't acknowledge this fact now, even if he recognizes it as a fact.

Here is another quotation which shows the non-fraternal character of this business enterprise.

Many of the lodges think, "this is an insurance company." One lodge was found without regalia or charter, and had not had either for two years. Another lodge had not met for nine months. The members said if they must observe the law they would give up their charter and leave the order as they only joined "as a matter of business."

This is strong confirmation of a position we have frequently taken—and supported by reports of cases wherein the order was a litigious defendant—that there is nothing fraternal in the character of the A. O. U. W. It is a business enterprise, and the fraternal spirit is not a whit stronger than that of the bursted United Friends. Those who trust the Ancient Order of United Workmen because it is a "fraternal" order lean upon a straw. The fraternal feature does not promote adhesion and self-sacrifice in the day of trial, and it never has prevented and never will prevent the repudiation of a just debt.

### The First Mistake.

The "office boy," a merry, laughing, grey-headed, bald-headed lad of 60 years or more, mailed about a dozen August COAST REVIEWS by mistake last month while serving as a willing substitute for his friend the real office boy, who was home nursing the sprained ankle which a fall from a bicycle gave him. We have heard from most or all the recipients of the August number, but if there are any others in any of the four quarters of the globe, we shall be happy to hear from them and send a September number in return. Some of the letters were amusing, and others serious and formal. One subscriber "feeling the loss of the valuable information contained in each copy"—we doff our hat to the gentleman—takes "the liberty"—it was a great liberty, sir, but we forgive you this time—"of requesting you to correct the mistake." Another gentleman sends us the August number with the calendar for September pasted beneath. Another writes—

I will stand almost anything, but when you

commence to work your little chestnut game on this office it don't go. We are in receipt of COAST REVIEW this morning for August. Now please remember that this not the month of August, but it's September. If you have no calendar just call at any of the general insurance offices and mention my name; they will either throw you out a calendar or else will throw you out (the latter most likely). Now, one more break like this last one and you will be reported to the Y. M. C. A. in due form (or to Bruce B. Lee).

Beware of yours truly. X.

FRESNO, September 14, 1887.

### The Average Age.

The average age of the Ancient Order of United Workmen is now 41, and has been steadily advancing for several years. The organ of the order in this city, referring to the average age, endeavors to prove that it has reached the maximum, by comparing it with the average age of the older orders, the Masous and Odd Fellows. We quote:

The average age of the membership in the orders of Masons and Odd Fellows has remained about the same for many years. In the former order, during the twenty-five years from 1853 to 1880, the ratio of deaths per 1,000 was never less than 9, nor more than 13. It reached its highest limit during the years of the civil war. The average for the twenty-five years was 11.

Any comparison of an insurance order with a benevolent order is not a fair comparison, and the conclusions are entitled to no weight. The conditions of membership are different. The older members withdraw from the benevolent orders when the social and business advantages are no longer strong enough to induce attendance at lodge meetings, and their withdrawal keeps the average age down; but in the case of the co-operative insurance orders the facts are exactly reversed. The older members of the fraternal co-operative hang on tenaciously when the fraternal and social features have long since lost their attractions, while the younger members, finding that the old men are getting cheap insurance at their expense, drop out quickly, and the next round-up of co-operative dupes does not include any of these delinquents. The average age of the co-operative membership, while advancing with the advancing age of the association or society, has, as a rule, been reasonably low, because of

the vast territory from which "new blood," or young members, could be drawn; but now that the area of this territory is rapidly lessening, it is fair to predict extraordinary gains in average ages of various memberships, and a corresponding embarrassment from a greatly increased death ratio.

We have assumed that the figures in the quoted paragraph are correct—but are they? Is it not true that the Masons and Odd Fellows keep no death list? Certainly a large proportion of the deaths are never reported. Members of these orders tell us so. Will the *Watchman* kindly give us its authority? Is it pretended, in the official death lists, that they include all the deaths of members?

The average age of the co-operative members is bound to increase. All the persisting members increase their age, and therefore increase the average age. The young and healthy will drop out, and thus increase the average age, by leaving the old and aging members in the majority. Whenever a co-operative has grown old in any State, there the average age and the death rate have increased, and it is only those associations or orders which transact a national business and are extending their membership into new territory, that are enabled to preserve, in the aggregate, a moderate average age and death rate. When the new territory is thoroughly exhausted, the fate of the Order of Mutual Companions and the United Friends will be the fate of all.

### Maximum Age of Co-operatives.

Now, every one who has looked into this matter knows that a society or insurance company which has reached the age of about fifteen has reached the maximum of the average age of its membership. That it will not vary much so long as the inexorable law of growth holds sway. Just so long as the growth equals the waste, the orders will continue to live and prosper.—*Watchman*.

We have looked into this matter, and we have concluded that there is no maximum of the average age of a co-operative membership, nor any time when a high death rate may not be expected. The Order of Mutual Companions was seventeen years old when it reached its "maximum age," and if it hadn't failed, leaving seventeen

unpaid claims, the maximum age would have been considerably greater to-day. In this order and the United Friends, the membership grew old very fast and the death claims came in just as fast, for the old folks betook themselves to paradise. A very young order was the United Friends, too, but it left several hundred widows and orphans with \$115,000 unpaid claims. It might comfort them to read one of the *Watchman's* articles on the stability of fraternal societies and the low average death rate.

### Gambling United Life and Accident Association.

LETTER FROM SUPT. MAXWELL OF N. Y.

This is the title of a young and mendacious New York fraud, without assets, but with a long list of figure-head directors. Like all the hat-passers, it promises liberally and executes penuriously. Promises are cheap, but it takes money to pay claims, and money is something the U. L. and A. A. has not. The capital, assets and reserve of the association are in the pockets of its members, and will stay there when most wanted by claimants. From the circular issued by this fraudulent concern we extract some specimen lies, as follows:

The report of the Superintendent of Insurance shows that the old line high premium companies received from policyholders during the year 1885 one hundred and five millions, five hundred and twenty-seven thousand, eight hundred and sixty-four (\$105,527,864) dollars. Out of the latter sum there was paid to policyholders sixty million, nine hundred and forty-eight thousand, seven hundred and fifty-one (\$60,948,751) dollars, the difference being the stupendous sum of *forty-four million, five hundred and seventy-nine thousand, one hundred and thirteen dollars*, which, during one year, was consumed in expenses or added to the almost inconceivable wealth already under the control and manipulation of a few close corporations.

Whew! What a stupendous lie! But it is just such a lie as every fraternal and non-fraternal hat-passer is unblushingly circulating day after day. Now what are the facts relative to the foregoing paragraph? The Superintendent reported the receipts from policyholders \$78,513,171, or over \$27,000,000 less than the United Life liar. The payments to policyholders were \$61,218,751, and not \$60,948,751 as stated. The

expenditures, including taxes, aggregated \$19,040,797, and not \$44,579,113. These necessary expenditures were far less than the income from invested assets (\$27,014,693). The difference between the total receipts and the total disbursements went to form the reserve fund required by law to meet claims maturing in the future. The total liabilities represent the total reserve fund thus required, and the excess of the assets is the surplus.

We have not done with this unscrupulous liar yet. Since July 1, 1887, the United Life and Accident has printed and circulated a circular from which we clip this monumental lie:

This association makes a special feature of club or assessment tontine insurance. This plan particularly commends itself to men without families dependent upon them, and to those already carrying large lines of insurance, and your attention is particularly called to this feature of our association, *which has the endorsement of the Insurance Department of the State of New York.*

The following letter from Supt. Maxwell disposes of this matter effectually. The "club system" has *not* the endorsement of the New York Insurance Department:

INSURANCE DEPARTMENT,  
ALBANY, N. Y., Sept. 26, 1887. }

EDITOR COAST REVIEW:

Your letter dated 19th inst. is received, regarding the authority of the United Life and Accident Ins. Association to transact the "club" plan of business.

In answer: Under the provisions of Chapter 175, laws of 1883, as amended by Chapter 285, laws of 1887, said association cannot legally transact what is known as the "club" plan of insurance. In August, 1886, this Department wrote a letter to said association, requesting it to discontinue that kind of insurance, and to pass a resolution of its Board of Directors to that effect; and on August 5th, 1886, a resolution of its Board of Directors was filed in this Department, in which it is resolved to discontinue the "club" plan of business, as requested by this Department.

Respectfully,

R. A. MAXWELL, Supt.

Notwithstanding the resolution of its figure-head board of directors to discontinue the club plan of business, the officers, who are the real managers, go right along advertising the club plan, and writing club certificates outside of New York, at least. Such certificates are illegal, under the New York law cited, wherever the applicant may reside. We think, under the circumstances,

that Supt. Maxwell would be justified in closing this gambling, law-defying concern.

What is this club plan? It is a system of gambling insurance whereby the widow of the deceased gets only *one tenth* of the assessment proceeds, and the other nine members get the remaining lion's share, or nine-tenths. It is not insurance—it is gambling. The members of the club are so interested in the death of a fellow-member that they must wish his death. The system is demoralizing. It suggests and begets crime, and is therefore contrary to public policy. It is not designed to protect the widow and fatherless, and the system, therefore, is not entitled to sympathy nor lenity.

Insurance Commissioner Tarbox fitly said, in discussing this wicked club system (Mass. Life Rept., 1883):

To call this "insurance" is a foul slander of a good name. Gambling is its proper designation; and gambling of the worst sort, with human lives for dice. Fraud and murder are its natural offspring, and both have been born to it.

### Mutual Reserve Fund Life.

The New York *Independent* says the Mutual Reserve Fund co-operative of New York "does not pay its losses when its certificates say it will, with any degree of regularity, but rather that the payments are delayed by one pretext and another until the time of the agreement to pay is doubled and quadrupled, and delayed until the last extremity." And, further: "The practice of the Mutual Reserve is worse than delay. We have an abundance of proof to show that it does not pay at all in many cases. If there is a possible chance of any kind, either with fact or assumed fact; if there is an opportunity resulting from the ignorance of the heirs, or because of their living one side or in out of the way places, this opportunity is seized upon, and the Mutual Reserve declines to pay at all, and then when crowded, and forced, and pushed, it offers first one amount, very small, then another, and, finally, after dickering and hampering, and scaring, and driving its discouraged and tired out creditors to the wall, it pays just as little as it can." Nineteen instances are cited. No libel suit has yet been brought.

### Term Risks.

The writing of term risks is rapidly increasing in the United States. The "term" is principally three and five years, but risks are written for two, four, six, seven and eight years, and even perpetually, by Philadelphia companies. The old rate formula, and the one still in force generally throughout the East, we believe, is two annual premiums for three years and three for five. Another formula, better but in less general use, is two and a half annual premiums for three years, four for five, one and three-quarters for two, and three and a quarter for four. In the earlier times, when both premium rates and interest were high, the lower formula might have been sufficient, but in these days of low rates and low interest, it is reasonably certain that even the higher formula is too low if not positively perilous.

The system would be unobjectionable if the prevailing rates from which the formulæ are made were sufficiently high, or if the formulæ were amended for the better. It is evident that the system has its advantages. Competition is diminished, the risks are probably of a superior class, the business is "kept on the books," and the broker is less prominent and influential. There are evils, also, besides that of inadequate rate. If the moral hazard is better, and the risks superior in other respects, than the average annual, there is less frequent inspection of term risks, and greater opportunities for neglected and unreported changes in the hazard.

From a table compiled from the official figures of the New York Insurance Department, submitted by Mr. Heald in his address last year, we learn that in five years the five-year business rose from \$239,980,766 covered to \$418,713,025. The proportion of term business is not yet formidable, though large. The total term for 1885 was \$1,625,064,194, against \$5,453,154,259 for one year or less. This is about 30 per cent. term out of the total covered.

In the writing of term risks, as is well known, a lower rate is accepted in consideration of the several annual premiums advanced. The deficit is supposed to be made

up by the investment of the premiums at compound interest. Mr. Heald, in his address before the National Board of Underwriters in 1884, showed very satisfactorily that this deficit is not thus made up, and the low annual rates are actually as well as relatively lowered in writing term risks. Had the \$38,443,991 term business in force at the beginning of 1884 been written as annual, the premiums would have been \$8,453,239 greater. The term business, with interest at 5 per cent. simple and compound, was thus analyzed by this able underwriter: Written as annual at 5 per cent. simple interest, it would yield \$52,561,522; written as term at 5 per cent. simple interest, it would yield only \$45,767,942; written as annual at 5 per cent. compound interest, it would yield \$52,856,765; written as term at 5 per cent. compound interest, it would yield \$46,340,611. Taking the term business with the premiums invested at compound interest, thus placing it in the most favorable light, and comparing it with the result if written as annual, with only simple interest, and the result is a loss of \$6,220,911 to the companies. This is a loss of over 11 per cent., or a reduction of the rate, or a rebate to the insured, to that extent. A single example could not make this actual loss clearer.

It must be conceded that the situation is alarming. The average profit of fire underwriting for twenty years is figured at only 4 per cent. of the premiums, and the average is drawn from a period which embraced years of higher rates than now prevail. The average profit is now probably less, and this small margin is being steadily lowered by the increased writing of term risks. Here is abundant food for reflection. If the percentage of increase in term business is greater than that in annual business, the situation is not merely alarming—it is full of peril to American fire underwriting interests. The companies are indeed mortgaging the future, and are staving off the day of reckoning, like the assessment life insurance companies, by writing more and more term risks. They are liquidating old debts by assuming greater liabilities.

It is a curious fact—and one that on the

surface contradicts our conclusions—that the most prosperous companies transact the largest term business, and, moreover, that the class of companies (the foreign) doing comparatively the least term business, derive less average profit from the premium income. Out of 163 companies reporting to the New York Department for 1886, forty-eight had over half the amount at risk in term policies. All transact a term business, the proportion of the term to the total written by each varying from 5 to 60 or more per cent. It is probable that the results of the term business must be very satisfactory to some or many of the companies.

We can write only from the aggregates, or from a simple example of the investment of a term premium at compound interest; but our conclusions are irresistible. It would be interesting and instructive to know the average loss rates on term risks, or the individual experience of several companies in dealing with term risks, but whatever the success of such companies might be, it could not lessen the force of the aggregate figures we have submitted, which point unerringly to ultimate loss and embarrassment.

### An Oakland "Advisory Board."

The Oakland "advisory board" of the Bankers & Merchants Mutual Life Association became dissatisfied, recently. They were dissatisfied, not with the insecurity of the reserve fund, for they never expect to get any share of that fund anyway; not with the bad principles of the scheme, for the advisory board, like all other advisory boards, know nothing of the principles of life insurance: no, the well-to-do gentlemen comprising this advertising adjunct of the Bankers & Merchants in Oakland were dissatisfied with their share of the profits on the business in their bailiwick. Badlam didn't "divy" to please them, and so they met and poured their complaints and suspicions into one another's ears; and then resolved to blow Badlam up in "the papers" if he did not make things satisfactory. They forwarded him a series of

questions, and braced the series with a threatening and formidable resolution. Their "infloence" and arduous services were entitled to the commission promised. It was "hair or hominy," and Mr. Badlam saved his "hair" by yielding with his accustomed suavity at the last moment. Quiet reigns on Broadway and the Oakland geese are to be plucked by the association with the consent and aid of the advisory board, as heretofore.

If it would do any good, we should read these gentlemen a little lecture on the ill use of their names and influence in behalf of a doubtful experiment in illegitimate insurance. They are giving a fictitious respectability, an undeserved reputation, to a concern which is guilty of the grossest misrepresentation, which has no assets to make good its promises, which has no insurance talent in its management, and which has not given any security for one dollar of the money passing through its hands. These "advisory" gentlemen are bartering their good names for a nominal consideration—for a few paltry dollars. They are doing for a questionable enterprise—one that by its failure is destined to bring additional grief to bereaved hearts—they are doing for this irresponsible concern that which they would not do for any similar association speculating in merchandise instead of human lives.

### Insurance Commissioners' Convention.

The State insurance officials held their annual pow-wow last month, at Niagara Falls, but the earth did not tip up perceptibly in consequence. Seven commissioners and superintendents, seven deputies, two actuaries, and only two auditors were present. Several well-known underwriters dropped in, "and Satan came also;" Harper was there, ready to tout the praises of his high-flyer, the M. R. F. hat-passer.

The committee on the "Rate of Interest" reported that the downward tendency in the interest rate was checked or fell to the lowest point several years ago. They concluded that any change of the standard of net values is unnecessary and inexpedient. The "convention" thought so too.

The New York deputy introduced resolutions to the effect that the expenses of official examinations should be borne by the State, or by the general insurance fund; but these resolutions, for various alleged and actual reasons, were promptly voted down. It appears to us to be a reasonable proposition that the general fund should pay all or half of the expense of an examination, unless the company asks for the examination. The examination of doubtful companies is required in the interest of the community at large and the competing companies which maintain the general insurance department fund.

The committee on assets submitted the following resolution, which was adopted:

*Resolved*, That no special deposit made for the benefit of the policyholders of any particular State or country, shall be allowed by the superintendents of insurance as an asset of the several companies making the same, and the said companies shall not be charged with the obligations represented by the policies so protected by special deposit, excepting in so far as the said obligations may exceed the value of the deposit.

The committee on assessment blanks could not satisfy Mr. Harper, and they were continued until the next session. Perhaps the committee wanted the assessment companies to report the actual cost of their "insurance," not per thousand promised, but per thousand paid.

The committee on surety companies suggested that they be placed under the immediate and sole supervision of the courts, but the suggestion passed unheeded.

### The Collision Clause.

FROM A PAPER BY CHAS. RENNIE, READ BEFORE THE INSURANCE INSTITUTE OF VICTORIA.

Before the general introduction of steamers, collisions between the steady-going sailors of that time were not a matter of common occurrence. Now, with swift steamers timed to perform their passages to the hour, and ever anxious to "break previous records," the risk is a very serious one indeed, not only to those traveling by sea, but also to underwriters. I am not in a position to give any exact statistics relat-

ing to local collisions, but from the Board of Trade returns it would appear that there occurred on the coasts of the United Kingdom in the year 1879, 701 cases of collision causing total loss or partial damage; in 1880, 603 cases; in 1881, 713 cases; and in 1882, 686 cases; in the greater number of which a steamer or steamers were concerned.

Coming closer to the subject matter of my paper, I would here remark that loss by collision is a loss by "Peril of the Sea" within the meaning of that term in the ordinary policy of insurance. Underwriters on goods have during the last few years enlarged the F. P. A. clause, placing damage arising from collision on somewhat the same footing with the sinking, burning, or stranding of the vessel. The clause in the Sydney conference goods policy, now generally adopted, reads:

"The said company notwithstanding this warranty (the F. P. A.) to pay for any damage or loss caused by collision with any other ship or craft."

Under an ordinary Hull policy, damage received by the ship insured through collision is recoverable if amounting to the required percentage of loss, and some lines of steamships are now insured whereby underwriters pay damage by collision no matter how small the amount. In speaking of the "Collision Clause," or, as it is frequently called, "The Running-Down Clause," I must explain for the benefit of those of our members not directly engaged in the marine branch of the profession, that this refers to a matter altogether distinct from the damages sustained by the ship insured. It is a species of "Accident Indemnity" tacked on to the ordinary policy, whereby the underwriter engages to pay a certain proportion of the damages the ship insured may have been compelled to pay for running down and damaging another ship. The usual clause runs as follows:

And it is further agreed that if the ship hereby insured shall come into collision with any other ship or vessel and the insured shall in consequence thereof become liable to pay and shall pay to the persons interested in such other ship or vessel or in the freight thereof or in the goods or effects on board thereof any sum or sums of money not exceeding the value of the ship hereby insured calculated at the rate of eight pounds per ton on her registered tonnage, this company will pay the

# Continental Insurance Co.

NO. 100 BROADWAY, NEW YORK.

STATEMENT, JANUARY 1, 1887.

Cash in Banks and on hand .....	\$336,880.97
Loans on Stocks and Bonds, (market value, \$123,800) .....	70,300.00
Loans on Bond and Mortgage (on real estate worth \$720,600) .....	304,810.00
U. S. and other Stocks and Bonds owned by the Co. as follows:	
900,000 U. S. REGISTERED 6% Bonds .....	\$1,193,990.00
225,000 " " 4% " .....	285,000.00
250 Shares American Exchange National Bank .....	33,750.00
60 " Bank of America .....	11,730.00
50 " Bowery National Bank .....	10,000.00
1200 " Mechanics' National Bank .....	49,500.00
250 " Mercantile " .....	33,750.00
350 " Merchants' " .....	23,100.00
200 " Metropolitan " .....	6,600.00
100 " Nassau Bank .....	6,750.00
622 " Phenix National Bank .....	13,186.40
180 " St. Nicholas Bank .....	20,880.00
200 " Central Trust Co. ....	85,000.00
1500 " N. Y. & Harlem R. R. Co. ....	165,000.00
\$50,000 Cedar R'pds, Ia. F'ls, & N. W. R. R. 1st Mtge. 6% Bd's. ....	54,000.00
100,000 Cent. R. R. & Bkg. Co. of Ga. (tripartite) 1st Mtge. 7% B'ds. ....	112,000.00
100,000 Chi. Rock Isl'd & Pac. R. R. Co. Coll. & Ext. 1st Mtge. 5% B'ds. ....	109,500.00
50,000 Chi. Mil. & St. Pl. (Chi. & Pac. Div.) 1st Mtge. 6% B'ds. ....	58,500.00
50,000 Chi. & N. W. Sinking Fund Reg. 1st Mtge. 6% B'ds. ....	58,500.00
100,000 Chi. St. Paul, Minn. & Omaha R.R. 1st Mtge. 6% B'ds. ....	122,500.00
50,000 Columbia & Greenville R. R. 1st Mtge. 6% B'ds. ....	54,000.00
50,000 Elmira, Cortland & Northern, pref. 1st Mtge. 6% B'ds. ....	50,000.00
50,000 Erie Railway Co. con. 1st Mtge. 7% Bonds. ....	67,500.00
135,000 Ind. Bloomington & Western pref. 1st Mtge. 7% B'ds. ....	152,550.00
50,000 Mil. Lake Shore & Western R. R. 1st Mtge. 6% B'ds. ....	59,000.00
50,000 Morris & Essex R. R. con. 1st Mtge. 7% B'ds. ....	67,500.00
50,000 N. Y. Central & Hudson R. R'way Co. Deb. 5% B'ds. ....	54,500.00
75,000 N. Y., Lack. & West. R'way 1st Mtge. 6% B'ds. ....	93,750.00
50,000 N. Y. L. E. & West R. R. 1st Mtge. 6% prior lien B'ds. ....	55,000.00
100,000 St. Paul, Minn. & Manitoba, R. R. 6% B'ds. (Dak. Exten.) ..	118,000.00
10,000 Alabama New Bonds, Class "A," 1906. ....	10,600.00
12,000 South Carolina 6% Consolidated "Brown" Bonds, 1893. ....	12,840.00
	<b>3,251,476.40</b>
Real Estate owned by the Company .....	693,500.00
Premiums in course of Collection .....	232,876.40
Bills Receivable, <i>not matured</i> for Fire and Inland Marine Premiums. ....	307,742.89
Interest and Dividends (payable this date) .....	36,894.62
Rents accrued .....	5,500.00
Total Assets .....	<b>\$5,239,981.28</b>

Reserve for re-insurance .....	\$2,383,800.53
(of which for Inland Marine \$32,950)	
Reserve for Commissions, Taxes, etc. ....	30,000.00
" for losses and all other claims. ....	451,323.82
Capital paid in, in Cash .....	1,000,000.00
Net Surplus .....	<b>1,374,856.93</b>
	<b>\$5,239,981.28</b>

HUTCHINSON & MANN,

General Agents,

322 & 324 CALIFORNIA STREET, SAN FRANCISCO, CAL.



insured such proportion of three-fourths of the sum so paid as the sum hereby insured bears to the value of the ship hereby insured, *calculated at the rate of eight pounds per ton*, or if the value hereby declared amounts to a larger sum than to such declared value, and in cases where the liability of the ship has been contested with our consent in writing we will also pay a like proportion of three-fourth parts of the costs thereby incurred or paid, provided also that this clause shall in no case extend to any sum which the insured may become liable to pay or shall pay in respect of loss of life or personal injury to individuals from any cause whatever.

Lord Stowell, in the *Woodrop* case, divided collision into four classes. He says:

In the first place, it may happen without blame being imputable to either party, as where the loss is occasioned by a storm or other *vis major*. In that case the misfortune must be borne by the party on whom it happens to light, the other not being responsible to him in any degree. Secondly. A misfortune of this kind may arise where both parties are to blame; where there has been a want of due diligence or of skill on both sides. In such a case the rule of law is that the loss must be apportioned between them as having been occasioned by the fault of both of them. Thirdly. It may happen by the misconduct of the suffering party only, and then the rule is that the sufferer must bear his own burden. Lastly. It may have been the fault of the ship which ran the other down, and in this case the innocent party would be entitled to an entire compensation from the other.

Nearly all the civilized countries of the world have given in their adhesion to the English statutory regulations with regard to steering rules, lights, and fog signals. It goes without saying that rules for determining the courses to be taken by ships, the lights to be carried, and so forth, to be useful must be uniform, not varying with the nationality of the vessel.

A vessel under way is bound to keep clear of another at anchor. If the ship at anchor can show that she was brought up in a proper place, and was not guilty of negligence in respect of her lights and other proper precautions, the presumption of law is that the vessel which ran into her is in fault, and the burden of exculpating herself lies with the latter. This rule encourages the hope that in the case of the *Darling Downs*, bound hence for London, sunk off the Nore, by the *Britannia* (s.), the underwriters on her cargo will have their losses considerably lessened by a contribution of

something like £7,000 from the latter vessel.

According to the Merchant Shipping Act, failure to "stand by" a ship injured in a collision, and no reasonable cause for such failure being shown, the collision shall in the absence of proof to the contrary be deemed to have been caused by the vessel which ran away.

Where a collision occurs without fault on the part of either ship it is said to be the result of inevitable accident, and in this case each ship bears her own loss. To quote Dr. Lushington:

"Inevitable accident is where one vessel doing a lawful act, without any intention of harm, and using proper precautions to prevent danger, unfortunately happens to run into another vessel."

And also:

"That which a party charged with an offence could not possibly prevent by the exercise of ordinary care, caution, and maritime skill."

When a compulsory pilot or harbor-master is in charge of a ship, the owner is not liable for collision damages, provided there is no negligence on the part of the ship's officers or crew in carrying out the orders of the person in charge, or in performing the ordinary duties of the ship. This, however, would not be the case where the captain pilots his own vessel under an "exempt certificate," or where a pilot, whether licensed or not, is in charge of a vessel when the owners are not compelled or required to employ him.

Where, by the negligent navigation of one ship, a collision occurs between two others, the first ship is liable, and not the less so because she escaped collision herself.

The owners of the ship in fault are *prima facie* liable. Underwriters can recover against the wrongdoer for the collision damage which, under their policy on the ship not at fault, they were bound to pay, provided the insured could himself have sued for and recovered them, but not otherwise. They have no right of action apart from him, and they must sue in his name.

Owners and other persons answerable for damage caused by collision are liable for all the reasonable consequences of their negligence. Consequential damages are in some

cases recoverable, such as loss of freight, demurrage (when vessel not totally lost) and interest, but it has never been the practice to give damage for loss of market for cargo on board a ship injured by collision. The rule as to the measure of damages is that the injured party is entitled to full compensation. His right against the wrongdoer is to be placed by him in the position in which he would have been had the collision not occurred. No deduction is made from the damages recoverable, on account of the increased value of the ship, or the substitution of new for old materials, and in this respect the owner of a ship injured by collision is in a different position from an owner claiming his indemnity under an ordinary marine policy of insurance. Where there are several claimants for damages in several actions in respect of the same collision, they rank in the order of their judgments, but a plaintiff who institutes his action after another has been instituted, but *before* judgment, is entitled to damages rateably with the plaintiff in the previous action. The general rule is, however, for claimants to take concerted action for the recovery of their losses.

I am afraid that some of my life and fire friends will be greatly startled when they hear that under a marine policy with collision clause, underwriters are liable not only for their proportion up to £8 per ton, which might be claimed by those concerned in the ship run down, but also for the full amount of policy on the ship insured, should she be so unfortunate as to be sunk in the collision, to which perhaps law costs would be added, the whole figuring up to nearly double the amount of the policy.

As showing the necessity for inserting the word "registered" before "tonnage" in the collision clause, I would refer to a case where a vessel, the *Angerona*, bound from Liverpool to Melbourne, the cargo of which was largely insured in Australian offices was run into when coming down the Mersey by a vessel just being launched—the *Andalusian*. The latter was found in fault, it being decided that sufficient precaution had not been taken to apprise passing vessels of the intended launch. When the claims

came to be adjusted, the lawyers engaged on the part of the *Angerona* contended that as the *Andalusian* at the time of the collision was not a "registered" vessel, her owners could not avail themselves of the Act to limit the liability to the £8 per ton. The court supported this view, and the consequence was that the *Andalusian* had to pay more than £8 per ton on her tonnage, as subsequently registered, in order to satisfy the claimants interested in the *Angerona* and her cargo. I think that all branches of insurance might take a lesson from this, for too much care cannot be exercised in drafting clauses, even those of the simplest character; the substitution of an *and* for an *or* has led more than one insurance company into trouble before now.

### The Fire Marshal's Good Work.

Fire Marshal Charles Towe has recently been doing some excellent service in securing amendments to the fire ordinances, the deficiencies of which have been made very clear during a thorough discharge of the duties of his office. Owing to convenient loop-holes in the fire laws; the instructions of the Marshal have been quietly ignored or he has been openly defied, in many instances, by indifferent or pugnacious householders. There is still occasion for more amendments in minor particulars.

As a specimen of the work thus far accomplished we may cite the following changes: No more wooden buildings over 65 feet in height can be lawfully erected; terra cotta chimneys can now be forbidden; to the phrase "where fire is used" there has been added "may be used," an important alteration of the phraseology, which clothes the Marshal with full supervisory authority over chimneys. The chimney ordinance, too, has been amended so as to embrace, practically, the entire city. Formerly the limits were so indefinite as to nullify the ordinance in a large territory.

The adopted amendment to section 30 extends the limits, as stated, in which buildings now erected or hereafter to be erected, altered or changed, in which fire is to be or may be used, and requires chimneys of brick or stone, or chimneys of an-

other description for which United States patents have been issued. The limits as adopted are as follows: Lyon street, from the bay to the southeast corner of the Presidio Reservation; thence to Central avenue, Central avenue to Geary street, Geary to Broderick, Broderick to Waller, Waller to Devisadero, Devisadero to Ridley, Ridley to Castro, Castro to Army, Army to Bryant, Bryant to Twenty-fifth, Twenty-fifth to Potrero avenue, Potrero avenue to Channel street, Channel street to the bay; thence following the line of the water front to the point of beginning. The mode of constructing chimneys is prescribed.

### New Quarters of the Fire Patrol.

The new building of the Fire Patrol on Jessie street, between New Montgomery and Second, is completed and will be ready for the Patrol about the 20th inst., or as soon as the paint shall have thoroughly dried. The building is a two-story brick, 40 by 67 feet, with a basement. The front and the pretty facade are ornamented with San Jose brown sandstone and terra cotta trimmings. The design, beauty and finish of the building compliment the taste and judgment of the architect, Captain White of the Patrol.

The fixtures and arrangements inside the building are well calculated to facilitate work and the rapid movement of men and apparatus. In the rear is the elevator, running from the basement to the top floor. It is provided with automatic-acting fire-proof trap-doors. Well in front, on both sides, are stalls. The horses are thus brought within a step or two of the wagons and swinging harness. There is a spiral staircase on the right, as you enter, and in the center stands a sliding-pole, reaching to the roof. The men descend this from the roof if an alarm is sounded when they are drying covers. There are four other sliding-poles, down which the men slide from the sleeping rooms on the second floor. One of the slides drops the man who is to hook up the harness of the horses right at the pole of the wagon, where his duty is to be performed. Another slide drops the driver into his seat without any time lost

in scrambling from the floor to his place on the box. The other slides are disposed for convenience in reaching other apparatus. The bunks in the sleeping room are "vanishing," being skillfully concealed or folded in "closets" during the day. At night the spacious room is deftly transformed into a sleeping chamber filled with beds in orderly array.

### Afraid of Investigation.

PRESIDENT BADLAM OF THE BANKERS & MERCHANTS REFUSES THE COAST REVIEW COPIES OF THE ASSOCIATION'S CERTIFICATE AND BY-LAWS.

AS Mr. Badlam, orally and in his alleged reply to a COAST REVIEW criticism of his association, contends that his certificate of membership and the reserve fund have been misrepresented, a messenger was sent with a written request for copies of the certificate and constitution and by-laws of the Bankers & Merchants Mutual Life Association. Mr. Badlam, the President of the association, refused to grant the request. He subsequently sent a letter to the editor of this journal, in which he endeavored to make it appear that the reasons behind his curt refusal were of a personal rather than of a business nature. Mr. Badlam wrote as follows:

BANKERS & MERCHANTS LIFE  
ASSOCIATION OF THE UNITED STATES, }  
SAN FRANCISCO, Sept. 28, 1887.

SIR—Your note was handed me by a messenger to-day, and in reply will say that the underhanded manner of warfare waged by you against assessment insurance, and the infamous letters which you have directed to the members of our association, for the avowed purpose of destroying confidence in the association of which I am President, makes it seem like an act of great assurance for you to ask, and a degrading act in my granting you, any favors whatever.

Yours,

ALEXANDER BADLAM.

In the direct but expressive language of slang, that is "too thin," Mr. Badlam. You know that the COAST REVIEW's charges are true and can be substantiated by quotations from your certificate and constitution and by-laws. That is the real reason you refused to permit us to see "the documents." Your certificate of membership limits the obligations of your association

to three-fourths of the proceeds of an assessment. The other fourth goes to make up a needless reserve fund. It is a disguised expense, an onerous tax without return or compensation in any shape. It is an unsecured fund reserved, so far as we can learn, for the officers and not for the members, who share merely in the nominal interest. Your constitution and by-laws, we are told, make no provision for the security and distribution of that useless reserve fund, nor for the security of any funds passing through the hands of the officers. Your refusal to allow a representative of the press to see your certificate and constitution and by-laws, under the circumstances, was as natural as it was unwise.

We will add that the "infamous letters" of which Mr. Badlam writes were letters asking his references whether their names were thus used with their knowledge and consent. There is nothing "underhanded" about the warfare this journal is waging against assessment insurance; but Mr. Badlam cannot truthfully say that his methods are *not* "underhanded." The use of names as references without authority may be a bold as well as brazen act, but it is not honorably "overhanded."

The writer hereof challenges Mr. Badlam to present any evidence of "an avowed purpose" to destroy confidence in the Bankers & Merchants. Mr. B. is a stranger to him, and there can be no personal feeling in the matter. The Bankers & Merchants has been and is criticized by the COAST REVIEW because of the absurd pretences and specially weak and objectionable features. Whether the association lives or dies is a matter of no interest to the writer.

The Glens Falls Ins. Co. was examined recently by the New York Department, which reports the financial condition of the company to be A No. 1. The assets on July 1st were \$1,563,051, and the net surplus was \$814,164. The figures closely correspond with the company's statement.

The Capital and Counties Ins. Co. is a new English wildcat which may conclude to prowl in America.

## COMMENT.

The life companies must now concede that the "fraternal" hat-passers are foremost among their enemies and libelers. The fraternalists have organs which regularly and viciously attack the old-line companies, and print the baldest lies as well as ingenious perversions of facts. The old-liners should fight back, and they can do it effectively without swerving a hairsbreadth from the truth. All the fraternal insurance societies are merely business speculations for the profit of the officers and the newspaper organs. The fraternal features, with their grips and pass-words and social gatherings, are but meshes to ensnare the public.

The members who die soon, leave certificates which may be paid in full; the members who die later or leave lawsuits as legacies, as in the cases of the Order of Mutual Companions and the United Friends of the Pacific; but the officers are certain of their salaries—the only certain thing about co-operative life insurance.

If the average limit of life for all mankind remains about the same from year to year, why should that of a class of men especially selected for their fine physical qualifications do any worse?  
—*Hat-Passer.*

The average limit of life for all mankind remains about the same because the sanitary and other conditions remain about the same, and the average initial vital force required to "describe the parabola of life" is about the same, from generation to generation. But what on earth has the average limit of life to do with the average age of a body of insured men? Nobody questions the average limit of their lives. The only question raised is the average age. We hold that it will increase, and we have all the facts and the common sense on our side.

If, as the A. O. U. W. organ says, the fraternal co-operatives will live "as long as the growth equals the waste," the corollary is, that when the growth does not equal the waste, then dissolution is at hand. What then must be the condition of the Ancient Order of United Workmen in California?

The order has lost nearly 1,000 members since the 1st of January last. But the organ is mistaken; the growth of the Mutual Companions and the United Friends "equaled the waste" until nearly the very last, when the high death rate scared a third of the members into withdrawing. It is the high death rate that caused a thousand Workmen to withdraw, here in California, in six months.

The following paragraph from the London *Insurance Journal* is beyond comment:

Only recently we heard of a case in which a British office fined an assurer a sum equal to 150 per cent. on the premium, and all this for being five days late in forwarding the premium! Such practices bring the guilty societies into well-deserved ridicule.

*Insurance* says that E. B. Harper, President of the Mutual Reserve Fund Life Association of New York, visited the office of the Equitable Life Association in behalf of a Philadelphia blackmailer, who offered to settle, and discontinue his attacks on the Equitable Life, for the modest sum of \$33,000. The tender was promptly rejected, but Mr. Harper, through some oversight, was not promptly kicked down stairs.

The hand-grenade extinguishers are no longer heard of, but a few of these humbugs may be still seen here and there, in hallways, festooned with cobwebs, neglected and forgotten.

Mr. Webster of the *Chronicle*, in his paper on Criminal Fires in the United States, argues that as incendiarism in the agricultural districts is greatest when the crops are harvested and "the granaries are bursting" and the granger is prospectively rich, insurance cannot be held responsible—that the moral hazard is not inherent. The deduction is not borne out by facts within our observation. The yield of the "crops" cannot be satisfactorily estimated, as a general thing, until harvested, and many a farmer has been grievously disappointed at the threshers' exact figures or the unmistakable deficiencies in cribs and bins and mows. He is then for the first time con-

fronted with the terrible temptation to make the insurance companies "raise the mortgage," or pay harvest and store debts, which his "bursting granaries" cannot pay.

### Settled at the Broker's Dictation.

It is a humiliating fact that the fire offices do not "stick" in supporting the fair decisions of the adjusters, when an influential claimant and broker unite upon an unjust demand. It may be said in such cases that the loss is settled at the dictation of the broker, for that is what it amounts to, in plain American.

The broker controls many valuable lines, which are largely placed with one of the resisting companies. The broker is displeased, and he broadly hints or at last plainly threatens the withdrawal of all "his" business from the offending company. It matters not that the claim is exorbitant or illegal. The claimant is encouraged by the broker, and the broker knows that if he can bulldoze the companies into a settlement or a compromise his business will be largely extended. His success will be the talk of the street.

From the broker's standpoint his tactics and his demand are legitimate. Anybody would do as he does under similar circumstances. The "falling down" of the companies may be as natural but it is not as excusable, for greater interests are involved than the mere loss of business through the resistance to the broker and the exorbitant claimant.

First one company yields to the "arguments," the demands, of the broker, and then others follow this bad example, until the opponents are in a minority. The persuading argument is the smallness of the amount involved when divided among so many companies, and the minority sensibly yield rather than help build up the business of the spiritless majority by supplying a comparative and isolated example of "litigiousness."

We submit that such a loss is settled at the dictation of a broker. The amount in dispute may be small, but the amount involved embraces many similar claims based

on this bad precedent; and this manifest fact should nerve the companies to defend to the last the principle at issue. If the broker is too powerful, let the Pacific Insurance Union discipline that peripatetic go-between.

### Giving Rebates.

In our August number we printed a communication containing severe strictures on "the first stage of dishonesty" of some of the members of the union. A "certain corporation" is charged with rebating to customers, and other evasions of compact regulations, all "nefarious dodges" to give lower rates or other inducements to the insured, are attributed to various unnamed offices. Nobody has replied to the communication, and no reply is possible except in deprecation of a probable exaggeration of the situation.

It is a well-known and undisputed fact that some of the offices are violating their pledges. They are evading the spirit if not the letter of some of the most vital of the compact rules, and are thus undermining the organization which protects them from the furious competition which they might be least able to breast.

We think, however, that our correspondent draws wrong conclusions from the quarterly reports. The city business is distributed among the companies, usually, with little regard to the assets. Local influences, such as local pride, a local record, and personal influence, largely determine the placing of local risks; and it should not be forgotten that it is the long established policy of some of the "grand old companies" to write limited lines in large cities.

But, looking at the matter in the most favorable light, it must be admitted that there is sufficient gravity in the situation to warrant some vigorous measure of prevention or repression by the union.

The New York policeman who said it wouldn't pay to run after a small boy who broke a plate glass window, it being insured, is a fair specimen of the official who waits for a reward.

### An Unpartisan Fire Department.

How to take politics out of a city fire department, and thereby greatly increase its efficiency, is a problem which is supposed to vex all good citizens; and yet it is easy of solution. All that has to be done is to turn the management of the fire department over to the underwriters, with limitations as to expenditures. It "goes without saying" that the management would be economical and free from favoritism and partisanship.

The city might confer upon a committee, annually selected by the underwriters, full authority to make appointments, and to remove appointees, to buy new apparatus, hose, etc., to reward loyal employes, and to regulate salaries, with a provision that expenditures be limited to so much per capita according to the latest census. Then all the city would have to do would be to pay the bills and enjoy the spectacle of a thoroughly organized and equipped fire department, with capable, experienced members, without wrangling, insubordination, or interference in the local politics at the dictation of a local boss.

The public has but to consider the well-drilled and admirably managed fire patrol of the underwriters, to be assured of the practicability and advantages of this plan of ours.

### Bill Nye Invents a Fire Escape.

SARAHUSE, N. Y., Sept. the 18th, 1887.

Mr. Abraham S. Hughitt, Mayor of New York City:

SIR—I am the patentee and deviser of a new, red fire-escape, to which I desire to call the attention of your city. It is a method by which a fire can escape quicker and more satisfactory than by all other fire devices combined. It combines comfort, speed and durability, and is always within the reach of the consumer. (I like to write up a business letter with pleasantry.)

My fire-escape combines the qualities of the step-ladder, the clothes-line and the squirt. If you do not succeed with the ladder or the squirt method you can suspend yourself from the window by the line,

and when the upper end of the line burns off you will descend to the ground. This is a simple method, and the Mayor of Saratuse says that simplicity is no name for it. I would give you other testimonials but space forbids.

My fire-escape does not occupy much room at a hotel, and is always willing to share its room with any guest of the house. It comes in red, with black stripes, or in lavender, with violet nubs on the end, for those who desire a fire-escape that will look well when lighted up. A young woman who lived in Cohoes, with no preparation arose, skun down this escape in a gossamer cape and had to buy mostly new clothes. Most every one looks well in our lavender fire-escape, and those who have tried it say they would rather perish by this escape than to mcander down an untidy and ill-fitting device made up in last season's shades.

Remember, I employ no agents, but furnish my fire-escape directly to the consumer. Yours fraternally,

P. P. MULLARIA, Patentee.

P. D. Gardemeyer.

Several inquiries have been made at this office as to the whereabouts of the swindler whose name heads this paragraph, and who is charged with collecting money for assessment insurance without delivering certificates or reporting to his employers. The last inquirer says he collected and made off with \$17.50, by making false representations and skipping by the light of the moon. Gardemeyer formerly represented the Mutual Endowment and Benevolent Association of Santa Rosa. Secretary Riddle of that association writes us that G. has not been in his employ since last March, and is now in St. Louis canvassing for a book by W. H. Ward, entitled "The Record of the Grand Army of the Republic." We wonder if this W. H. Ward is not the same W. H. W. who was lately the Secretary of the Occidental Self-Endowment Association of San Francisco, and also Secretary of the dead and forgotten Pacific Self-Endowment Association? Self-endowment co-operative insur-

ance must be about "played out" in this field, if book-peddling in St. Louis pays better.

### Bankers & Merchants Mutual Life Association.

THE PRESIDENT REPLIES TO THE COAST REVIEW, BUT IGNORES EVERY MATERIAL CHARGE, AND ANSWERS NONE—THE CHAMPION DODGER GETS OUT A "DODGER" DEFENSE.

In the August COAST REVIEW we printed an article analyzing and exposing that pretentious humbug, the Bankers & Merchants Mutual Life Association "of the United States." In the course of a month President Badlam prepared a "reply," which he printed by the thousands and distributed broadcast. Mr. Badlam's "reply" abounds in falsehoods and is a tissue of misrepresentations. Nearly all the specific charges made by the COAST REVIEW are ignored in the "reply," and none is answered. Nothing is said about the unauthorized use of Senator Stanford's name by the association, nor is it denied that a judgment against the association would be worthless, nor is a line of evidence presented to show the security, or use, or final disposition of the reserve fund. So far as the widely-circulated and dodging dodger of the association is considered as a reply to the COAST REVIEW, we well might reprint our August article, "word for word."

Let us consider Mr. Badlam's defense somewhat in detail.

"The association has established a reputation as being most conservative." We quote this merely to add that no association can be conservative that is managed by either Alexander Badlam or R. K. Allen; and every man who knows either will bear us out in this statement.

"We guarantee our members that the expense of carrying their certificates of membership will not exceed three dollars per thousand per annum." Well, what is the guarantee of the association worth? Who will guarantee the guarantor? What is to prevent the association managers from appropriating a portion of the mortuary

assessments, just as the Mutual Reserve Fund of New York and other hat-passers do?

Mr. Badlam says:

We quote the sworn report of the officials of the old-line companies: For example we will take the premium charged for a straight life policy in an old line company, \$10,000; at the age of forty the annual premium is \$313; when this premium is paid the old-liners credit for expenses \$89.50; for mortality, \$92.90; for reserve (not one cent of which the member ever receives or derives any benefit from) \$130.60, and which presumably go into the pockets of the insiders.

The statement as to the reserve is absolutely false. Mr. Badlam has "put his foot in it," and exposed his reckless mendacity or his utter ignorance of life insurance. All his figures and conclusions are misleading, to say the least.

We will give the Bankers & Merchants a primary lesson in life insurance. The old-line or regular life companies base their premium rates on the assumption that each contract will be carried out. It is not temporary insurance, but for a life time, with the assumption that the policy will some day become a claim. The premium is composed of three elements: 1st, the actual cost of carrying the risk for the year, said cost being based upon the American mortality table, with interest at 4 or 4½ per cent.; 2d, the amount required by law to be held as a reserve fund, the accumulation of which enables the company to discharge its obligations; 3d, the "loading" or margin to cover expenses.

From Tabor's work we compile these figures, illustrating the three elements of a premium: Premium at age 40, on a \$10,000 policy, \$315.70, of which \$138.60 is the reserve element required by law, \$98.20 is the mortality element, and \$78.90 the expense element. No regular life company in the world charges any such percentage for expenses; the average is less than 15 per cent., and is as low in some cases as 8 per cent. Expense element is a misleading phrase, for out of that element comes the dividends which are returned to the policyholders. The premium is loaded 25 per cent. to cover expenses and any excess of mortality. In order that exact justice be

done, and that no overpayments be exacted, it is the well-known custom of the companies to make annual settlements with policyholders, returning to them as "dividends" any surplus derived from interest, vitality and a saving of expense.

We have made it clear that Mr. Badlam's statement that the member receives none of the reserve is a ridiculously false statement. The President of the Bankers & Merchants is so densely ignorant of the fundamental principles of life insurance that he thinks the "mortality element of the premium," as it is phrased, represents the mortality obligations of the company. This "mortality element," in fact, is what might be called the "current mortality," or an obligation in excess of the reserve element, which last is set aside to pay the policy at the termination of the life expectancy. If the reserve funds "presumably go into the pockets of the insiders," then all the States of the Union are parties to the fraud, for, as stated, the laws require such reserve funds.

The Bankers & Merchants has a reserve fund, or is supposed to have one, and will have one if the association survives any length of time. It is made up from 25 per cent. of the assessment proceeds. As there is no provision for the return of the reserve fund to the members, it is an extra and heavy tax upon them. This reserve fund of the association, therefore, "presumably goes into the pockets of the insiders." When the association fails, not a member will ever get a nickel of that needless, expensive and unsecured reserve fund.

The rates of the Bankers & Merchants are less than the mortality rates upon which they are supposed to be based. At age 30 the rate is \$1.75 per thousand. It is estimated that at the average death rate of ten per 1,000, six assessments would be levied per year by the association. The member at age 30 would therefore pay in assessments \$10.50 annually per thousand of insurance. Until 42 his payments would be in excess of the current average mortality. The mortality for that period, according to the American table, would aggregate \$119.35 per thousand of insurance. The

member would pay to the association \$136.50, or \$17.13 more than the mortality rate. That would make the surplus payments for the first thirteen years \$17.23; but in the meantime the association will have deducted from the assessments receipts one-fourth for the reserve fund, which is not to be applied to the payment of death losses included in the six assessments per annum. Instead of a surplus there would be a deficit of \$31.12—the mortality payments would be that much less than the mortality for that period.

At age 30 the mortality element is \$8.10 per thousand of insurance. Referring to the Bankers & Merchants' rates we find that at six assessments per year the rate, less the reserve fund of 25 per cent., is only \$7.88 per thousand. Six assessments are not enough to begin with, to pay the mortality element.

It is claimed for the association that it is a permanent institution. Let us figure on that basis and estimate that the man at age 30 lives thirty years. At \$1.75 per thousand and six assessments per year he will pay \$10.50 yearly, or \$315.00 in thirty years. The association undertakes to pay him \$1,000 at the end of thirty years. It reserves and invests 25 per cent. of the \$315.00, or \$78.89, the interest on which might be say \$83.00, making the total receipts \$398, for which \$1,000 is to be paid. Where does the remaining \$612 come from?

But the \$315 paid in 30 years is less than the mortality element, and, besides, from that sum must be deducted the reserve fund. The mortality payments are only \$236.11 in thirty years, while the mortality losses in that time, according to the American mortality table, are \$412.76. The rates levied by the B. & M., at six assessments annually for 30 years, would be \$176.65 less than the mortality losses. It is clear, therefore, that if the Bankers & Merchants would pay the mere "current mortality" of a shifting membership, and not also the obligations of life insurance made to its persisting membership, it will have to double either its annual assessments or its rates, so that the net mortality payments shall be \$13.76 yearly per

thousand at age 30, instead of \$7.88 as now.

What has the able "actuary" of the association, Mr. Band, to say to these figures? His actuarial inability has got the association into a bad hole.

We have stated that the association does not contract to pay the face of the certificate. Mr. Badlam does not deny this statement. We further stated that the certificate of membership is a contract to pay only three-fourths of the proceeds of an assessment. This is declared to be false. Mr. B. is either quibbling about words, or he is insincere. We have read the certificate of membership. The limit of the obligation of the association is the proceeds of an assessment, less one-fourth, which it is alleged goes into the reserve fund. The certificate is therefore a contract to pay not to exceed three-fourths of the proceeds of an assessment.

We are reminded that the other day we sent a messenger to Mr. Badlam, asking for copies of his certificate of membership and constitution and by laws. We did not wish to do him or his association any injustice in this controversy. Mr. Badlam declined to let the COAST REVIEW editor see the certificate of membership and constitution and by-laws of the Bankers & Merchants. His refusal to comply with so reasonable a request is virtually a confession of the truth of our charges.

Mr. Badlam says that only authorized names are used as references by the association, but he does not attempt to explain Senator Stanford's letter of denial. If Mr. Stanford's name was used as a reference without his permission, we may reasonably conclude that other well-known names have likewise been advertised as references without permission or knowledge.

The "reply" contains a reprint of two favorable letters printed by the COAST REVIEW. The President was highly pleased, and we do not wonder thereat, for favorable comment must be a great rarity in the home office. If it were not a rarity, he might have ventured to write letters of in-

quiry himself, addressed to prominent members. Perhaps he did ask them if they endorsed his association, and received no answer suitable for publicity. The only favorable letters we received, which Mr. Badlam gleefully reprints, were from two politicians with their weather eyes well open. The President is himself a politician.

It is intimated that the Crocker letter was a forgery. It would have been an easy matter for some employé to walk around and inquire.

It appears that a member of the local "advisory board" of the association wrote of the association that "it is one of those things a man has to take his chances on," and that he knew nothing of its financial soundness or standing. This circumstance shows what an "advisory board" is not.

By reference to the tables of the old line companies you will see that the rate charged on a life of forty years is \$156.50, or \$31.30 per thousand; and *this insurance is without participation in profits.*—Badlam.

This is glaringly false. The rate given is that of the mutual companies, and the policyholder "participates in the profits." The "profits" represent the return of interest and savings in vitality and expenses. Mr. Badlam knows enough about life insurance to start and run (into the ground) a co-operative life insurance company. The sentence following the foregoing quotation displays equally childish knowledge. We repeat, that poor insurance in the Bankers & Merchants costs more than first-class *temporary* insurance in any old-line company.

It is stated that "tables published by Insurance Commissioners of New York and other States" show that the average amount necessary to "pay the death claims of the four largest life companies for the past thirty years has been only \$10.99 per thousand, and the amount charged for this purpose has been \$56.17 per thousand, leaving \$45.18 in excess of the amount necessary to pay death claims." This is infamously false. We challenge Mr. Badlam to produce such "tables," published by any Insurance Commissioner.

The following has been termed "a characteristic lie:"

The sworn report of the officers of eight of the most prominent old line life insurance companies is as follows:

Paid to the beneficiaries during the year 1886.....	\$5,906,000.
Same year paid for expenses of management .....	7,456,000.

This is a dilemma out of which you cannot with honor and consistency extricate yourself.—Badlam.

This is a foolish lie — in other words, it is a characteristic lie. One company alone paid to policyholders over 13 million dollars during 1886. "Eight of the most prominent old line companies" paid in the aggregate \$46,439,351 to "beneficiaries" in 1886. One company alone paid in death losses over \$5,000,000, and the "eight most prominent companies" paid over \$20,000,000 in death claims to beneficiaries in 1886. Badlam must have drawn upon his imagination for his figures.

Perhaps the biggest lie of all the lies in the Bankers & Merchants "reply" is the statement that 822 old line companies have been "chartered" in the United States, and that 779 of them have failed. Life insurance is a very young institution in the United States, dating back less than fifty years. We have a record of only 157 companies, of which some forty-five are in active existence. Seventy-eight re-insured in other companies or dissolved, and thirty-four failed. Compared with failures in other branches of business the number and the losses were small. The list of 822 companies, from which Mr. Badlam draws his figures, is a characteristic lying co-operative documents, got up to offset the correct list of hundreds of dead co-operatives. The list of "failed" old line companies embraces fire, life, accident and co-operative companies, the greater portion of which never passed beyond the charter stage.

For example, out of a premium of \$2,000 the general agent gets as his compensation for securing the risk about \$1,100. This money comes direct from the pocket of the policyholder. A person insuring in an old line company has to put up money to pay his proportion of the princely salaries paid to the officers and directors at the home

office. As an instance, one company—one of the largest in New York—pays its president \$75,000 a year as a salary; its actuary, \$30,000; its secretary, \$25,000; and each director, \$10,000 a year—and all this for ornamental figureheads, and the poor public who are being duped have to pay dearly when they place their policies in these rapacious institutions, making it a rather expensive luxury. Honest treatment to the widows and orphans is our watchword, and every dollar received by us is secured from frauds.—*Badlam.*

Not a word of this is true. No such commission as 55 per cent. is paid to general agents. The only company in the United States which pays such high salaries, if there is any, is the Mutual Reserve Fund Life, a New York hat-passer. Large salaries are paid to the principal officers of the large companies, but they are such salaries as the same talent would command in any other pursuit. The ability to manage great corporations, and safely and profitably invest millions, is an ability which commands and earns large salaries. These men are not figure-heads; and the "poor public" which pays their salaries receives *quid pro quo*. This is more than can be said of the dear public which pays Mr. Badlam's salary and foolishly entrusts his association with money without security therefor.

"Agents are deserting the ranks" and going into assessment insurance for the greater profits in it. Some of them have gone over to "the enemy," such as Prindle and Stafford, because they have been kicked out of every old-line office.

The general manager of the Bankers & Merchants is Richard K. Allen, well and unfavorably known in life underwriting circles. The actuary is H. F. Band, who for the past twelve years has been employed by the Mutual Life as a solicitor on this Coast. Mr. Band was by courtesy styled a special agent, but he was merely a traveling canvasser, without any specified territory and without any supervisory duties or authority over subordinate agents. He is no more qualified for the duties of an actuary than is Mr. Badlam. As to Mr. Allen, the less said the better for him; but Mr. Badlam "throws down the gauntlet" to us in the following words:

Richard K. Allen, our general manager, has a record as an insurance man and citizen, of which he may well be proud, all his life being devoted to public affairs, and has an honorable and spotless character.

Mr. Allen's record as a solicitor is a matter of public notoriety, and there are ugly rumors afloat as to the writing of certain bad risks. We quote from a letter written to a general agent in this city by one of the officials of his company, which settles the question as to the character of the manager of the Bankers & Merchants Mutual Life:

Mr. Allen is a very bright insurance man, and can write a large amount of business, but we should be unwilling to give him a contract. I say to you confidentially that we lack confidence in Mr. Allen's integrity. If you get an occasional risk from him, we shall rely upon your giving personal attention to the applicant, so that you can certify that the risk is desirable. Otherwise we prefer not to receive anything written by Mr. Allen.

The public is entitled to know this much of the character of the manager. Like master like man; like manager like Bankers & Merchants Mutual Life Association.

### Surety Insurance.

The following report, relating to surety insurance, was presented and adopted at the recent annual meeting of the Insurance Commissioners:

We conclude that as certain liabilities upon the bond of an administrator or curator is continuous and cannot be terminated at the pleasure of the bondsman, that the maximum duration of this liability can only be ascertained after the lapse of time—that the minimum duration, however, may be closely approximated. The liability being continuous and not terminable even by consent of parties or otherwise except by lapse of time, the contract necessarily runs for a term of years, and under the rule as established governing other branches of insurance would be chargeable at least with an unearned portion of the premium covering the unexpired time for which it was to run; to do this, however, would be at once a bar to their continuance in business. And this class of insurance (if it may be so called), being yet in its very tender infancy, and the mere beginning of an experiment, we are not prepared to say that a liability estimated upon the basis of a one year contract is sufficient, nor are we willing at this time to advise a prohibition of the business by applying to it the rule by which the solvency of a company engaged in other branches of insurance is sought to be ascertained. We beg to suggest that this class of corporations should be under the

immediate and sole supervision of the courts, and that their responsibility be ascertained by the same means as now applied by law to individuals seeking to act in a like capacity. They, however, having by some inscrutable means been placed under the supervision of the insurance departments, your committee would recommend that for further information and proof of their sufficiency such companies be for the present merely required to file with their annual statements a full and complete list of the bonds upon which they have become surety, together with a detailed schedule of securities held by them as collaterals.

### FIRES.

The fires, as reported to the COAST REVIEW, were as follows for the first nine months of 1885, 1886 and 1887:

	1885.	1886.	1887.
January .....	\$155,218	\$106,924	\$114,800
February .....	131,626	94,497	62,765
March .....	159,551	122,611	162,960
April .....	136,542	282,879	100,299
May .....	192,321	244,420	235,735
June .....	228,681	557,990	189,309
July .....	242,331	341,337	398,456
August .....	194,202	821,741	331,296
September .....	214,616	192,760	272,902

Totals.....\$1,655,088 \$2,865,159 \$1,868,531

The losses thus far this year are satisfactory. They are but little in excess of the figures for 1885, and a million less than those for 1886. The premium income is undoubtedly greater.

### California.

September 4, San Bernardino, frame dwelling and hall:	
Lion .....	\$1,000
September 13, Oakland, dwelling:	
Home Mutual .....	\$500
September 6, Yolo county, barn:	
Guardian .....	\$1,460
September 16, Los Angeles, upholstery and furniture store and brick buildings:	
Phoenix, London .....	\$323
Royal, Norwich Union & Lancashire .....	471
London & Lancashire .....	929
Howard .....	325
Springfield .....	325
Concordia .....	400
September 21, Los Angeles, pork packery:	
Home Mutual .....	\$450
Southern California .....	224
Clinton .....	224
Magdeburg .....	450
Germania .....	450
Etna .....	900
Hartford .....	450
New Zealand .....	1,859

September 16, Los Angeles, frame dwelling and contents:

Glen Falls .....	\$500
German .....	400
September 27, Sonoma, hops:	
American, New Jersey .....	\$232
September 8, Red Bluff, frame dwelling and barn:	
Lion .....	\$200
September 13, Sonoma county, frame school-house:	
Pennsylvania .....	\$600
September 26, near Santa Rosa, hop-kiln:	
Home Mutual .....	\$2,300
September 18, Rocklin, frame dwelling and contents:	
Lion .....	\$1,300
Orient .....	450
September 9, Mendocino county, hops and hop house:	
Penn .....	\$1,900
America, Philadelphia .....	1,000
September —, Napa City, frame dwelling:	
Home & Phoenix .....	\$2,000
September 18, Sacramento, frame dwelling:	
German-American .....	\$750
September 12, Stockton, general fire:	
Southern California .....	\$2,250
Oakland Home .....	1,250
Caledonian .....	800
Connecticut .....	850
California .....	1,600
Caledonian .....	800
Hamburg-Magdeburg .....	2,200
State Investment .....	800
Firemans Fund .....	4,350
Total .....	\$14,900
September 2, Redding, dwelling and furniture:	
Hartford .....	\$450
September 15, Redding, dwelling contents:	
South British .....	\$230
September 27, Mountain View, frame building store:	
Hamburg-Magdeburg .....	\$1,000
Germania .....	300
Sun .....	475
Firemans Fund .....	240
September 24, Yuba county, barn:	
Hartford .....	\$1,765
September 1, Stanislaus county, frame barn and dwelling:	
Etna .....	\$150
September 12, Stanislaus county, frame barn, mules, etc.:	
Phenix, Brooklyn .....	\$690
September 23, Alameda, frame dwellings and furniture:	
South British .....	\$1,405
Continental .....	110
September 19, Stockton, merchandise in brick:	
Citizens .....	\$702
Oregon .....	702
September 3, Pasadena, frame dwelling:	
Etna .....	\$125

**California.**

September 27, Merced, frame hotel:	
North British.....	\$1,200
State Investment.....	344
September 15, Livermore, frame saloon:	
American, Philadelphia.....	\$855
September 6, Sacramento, frame stable:	
New York Underwriters.....	\$300
September —, frame building and barn:	
British-American.....	\$491
Peoples.....	491
September 15, Mendocino county, hop-kiln:	
Home Mutual.....	\$1,500
September 15, Oakland, merchandise in frame:	
Liverpool & London & Globe.....	\$950
September 21, Napa county, dwelling:	
American Central.....	\$1,000
September 12, Sutter Creek, slaughter house:	
Lion.....	\$260
September 22, Sonoma county, hops:	
Phenix, Brooklyn.....	\$1,137
September 27, Santa Clara, dwelling:	
Home Mutual.....	\$400
September 14, San Bernardino, frame dwelling:	
Lion.....	\$500
September 27, Modesto, building:	
Imperial.....	\$875
September 22, Humboldt county, frame dwelling:	
Phenix, Brooklyn.....	\$500
September 5, Calico, general fire:	
Springfield.....	\$1,700
Dakota.....	200
Howard.....	700
Fire Ins. Ass'n, London.....	4,500
Svea.....	1,630
Niagara.....	500
Anglo-Nevada.....	500
Connecticut.....	1,000
American, Philadelphia.....	1,600
Pennsylvania.....	500
Phenix, Brooklyn.....	1,000
Amazon.....	250
Firemans Fund.....	1,700
Home & Phenix.....	5,100
Total.....	\$20,940
September 15, Oakland, dwelling furniture:	
New Zealand.....	\$358
September 6, Forest Hill, brick building and general merchandise:	
Liverpool & London & Globe.....	\$2,500
Hartford.....	4,000
Etna.....	2,500
Sun, San Francisco.....	800
Boston Underwriters.....	800
Howard.....	1,000
Home & Phenix.....	7,500
Total.....	\$19,100
September 19, Red Bluff, building:	
Fire Ins. Ass'n, London.....	\$400
September 19, Oakland, crockery:	
New Zealand.....	\$675

September 23, Marysville, frame stable:	
Commercial Union.....	\$300
September 19, Marysville, general fire:	
Liverpool & London & Globe.....	\$8,000
Hartford.....	8,900
Fire Ins. Ass'n, London.....	4,362
Insurance Co. of North America.....	3,210
Magdeburg.....	2,478
North British.....	2,355
German-American.....	3,105
Phoenix, London.....	1,000
Howard.....	1,500
Southern California.....	1,300
Springfield.....	2,500
Sun, San Francisco.....	1,300
State Investment.....	4,056
Lion.....	100
Washington.....	300
Royal, Norwich Union & Lancashire.....	2,927
South British.....	1,100
Helvetia.....	1,000
Pacific.....	1,000
American Central.....	1,778
London & Provincial.....	1,787
Union, San Francisco.....	1,648
California.....	800
London, Northern & Queen.....	7,957
London & Lancashire.....	1,000
Commercial Union.....	100
Home & Phoenix.....	1,250
Oakland Home.....	2,000
Firemans Fund.....	1,500
Total.....	\$70,388
September 6, Marysville, frame dwelling:	
North British.....	\$1,620
German-American.....	182
September 9, Marysville, general merchandise:	
Guardian.....	\$3,000
September 5, San Joaquin county:	
Ins. Co. of North America.....	\$879
September 1, El Dorado county, barn and contents:	
State Investment.....	\$400
September 26, Shasta county, frame building and merchandise:	
Phenix, Brooklyn.....	\$1,000
August —, Chico, stock;	
South British.....	\$488
September 18, Wilmington, frame barn:	
Royal, Norwich Union & Lancashire.....	\$2,813
September 9, Santa Clara county, hay and barley:	
Guardian.....	\$900
September 3, Tehama county, frame dwelling:	
Phenix, Brooklyn.....	\$400
September 5, Sacramento county, hops:	
Phenix, Brooklyn.....	\$1,311
American, Phila.....	983
Pennsylvania.....	983
London, Northern & Queen.....	300
City of London.....	655
September 15, Washington Colony, frame barn:	
Royal, Norwich Union & Lancashire.....	\$750

**California.**

September 4, Daggett, frame lodging-house:	
Lion.....	\$400
Commercial Union.....	1,500
September 8, Stockton, grain:	
Lion.....	\$350
Imperial.....	200
Orient.....	200
Washington.....	200
September 23, Gridley, general fire:	
Home Mutual.....	\$600
Phenix, Brooklyn.....	1,515
American, Phila.....	1,000
Imperial.....	1,000
September 7, Stockton, dwelling:	
American Central.....	\$308
September 19, San Jose, frame barn:	
London, Northern & Queen.....	\$450
September 11, Stockton, frame dwelling:	
American Central.....	\$200
September 19, Goshen, lumber and tank:	
Hartford.....	\$184
August 1, Los Angeles, dwelling:	
Southern California.....	\$135
August 29, Los Angeles, store building:	
Southern California.....	\$178
September 17, Tulare county, frame dwelling:	
Home & Phenix.....	\$1,000
September 14, Tulare county, dwelling:	
Hartford.....	\$100
September 25, Tulare, brick building and merchandise:	
South British.....	\$275
Liverpool & London & Globe.....	1,817
September 6, near Milton, merchandise and fixtures:	
State Investment.....	\$420
September 10, Lakeport, frame dwelling:	
Orient.....	\$350
September 8, Stockton brick building:	
California Ins. Co.....	\$100
September —, Sacramento, grape boxes:	
Union, S. F.....	\$150
September —, Oakland, "dressmaking":	
Helvetia.....	\$300
September 25, Tulare, brick building:	
Connecticut.....	\$137
September —, Los Angeles, frame dwelling:	
Imperial, London, Northern & Queen.....	\$300
September 13, Fresno county, frame dwelling and barn:	
Caledonian.....	\$1,000
September 5, San Gabriel, barn:	
Home & Phenix.....	\$175
August 24, Boulder Creek:	
Fire Ass'n of Phila.....	\$200
August 22, Marysville, general fire:	
Commercial.....	\$1,800
September 12, San Jose, dwelling and barn:	
Home & Phenix.....	\$1,075
September 27, Oakland, saloon stock and furniture:	
Oakland Home.....	\$400

September 14, Yuba county, frame barn:	
Firemans Fund.....	\$468
September 4, Alhambra, barn:	
Hartford.....	\$313
September 18, Los Angeles, frame dwelling:	
Orient.....	\$100
September 22, near Napa, barn:	
Niagara.....	\$500
September 23, Alameda, dwelling:	
Anglo-Nevada.....	\$1,600
September 4, Centerville, Alameda county, general fire:	
Hamburg-Bremen.....	\$900
Niagara.....	2,500
Oakland Home.....	1,301
Home Mutual.....	3,600
Total.....	\$8,301
September 4 Tulare county, hay:	
Anglo-Nevada.....	\$900
August 24, Selma, frame dwelling and contents:	
London & Lancashire.....	\$700
September 26, Alameda, dwelling:	
Sun, S. F.....	\$396
August 20, Red Bluff, dwelling furniture:	
California.....	\$456
September 30, Eureka, whisky in barrels:	
Union, N. Z.....	\$1,500
Small unreported losses.....	14,000
Total California, S. F. excepted.....	\$213,570
September 11, San Francisco, merchandise:	
Springfield.....	\$900
German.....	300
Concordia.....	300
Union, Phila.....	300
Clinton.....	400
Dakota.....	300
September 22, San Francisco, building:	
Sun, S. F.....	\$353
September 22, San Francisco, building:	
Sun, S. F.....	\$353
August 29, San Francisco, brick store:	
American, N. J.....	\$153
September 3, San Francisco, brick building:	
California.....	\$184
Firemans Fund.....	184
Commercial.....	183
September 13, San Francisco, shoddy mill:	
Firemans Fund.....	\$400
September 1, San Francisco, merchandise:	
New Zealand.....	\$233
September 11, San Francisco, merchandise:	
Fire Ins. Ass'n, London.....	\$298
September —, San Francisco, grocery:	
Prussian National.....	\$650
September 5, San Francisco, machinery:	
New Zealand.....	\$666
September 3, San Francisco, building:	
Anglo-Nevada.....	\$134
September 25, San Francisco, brick building:	
California.....	\$2,500
September 12, San Francisco, church:	
Connecticut.....	\$1,000

September 28, San Francisco, feed store:	
American Central.....	\$910
Pacific.....	200
September 19, San Francisco, frame building:	
State Investment.....	\$325
September 11, San Francisco, furniture stock:	
Royal, Norwich Union & Lancashire.....	\$299
September 4, San Francisco, building stock, etc.:	
North German.....	\$625
September 4, San Francisco, assaying scales:	
Commercial Union.....	\$250
September 16, San Francisco, frame dwelling:	
State Investment.....	\$1,800
September 5, San Francisco, brick building and frame dwelling:	
Commercial Union.....	\$892
September 21, San Francisco, buildings:	
Southern California.....	\$1,300
Small unreported losses.....	1,100
Total San Francisco.....	\$17,547
Total California.....	231,117

**Nevada.**

September 19, Battle Mountain, stock in frame building:	
Hartford.....	\$1,000
September 18, Battle Mountain, three box cars:	
Liverpool & London & Globe.....	\$600
September 11, Lone, concentrator (stored):	
London, Northern & Queen.....	\$1,300

**Arizona.**

September 10, Tucson, stock and fixtures:	
Insurance Co. of North America.....	\$1,180

**Montana.**

September 6, Miles City, dwelling:	
National, Hartford.....	\$250
September 21, Walkerville, dwelling:	
Western Toronto.....	967

**Washington.**

August 9, Walla Walla, frame barn and contents:	
South British.....	\$446
September 21, Colfax, lumber:	
Firemans Fund.....	\$140
September 21, Colfax, saw mill:	
Anglo-Nevada.....	\$1,000
September 20, Yakima, frame dwelling, etc.:	
Connecticut.....	\$700
September 22, White River, hops:	
Anglo-Nevada.....	\$965
September 4, Spokane Falls, merchandise:	
Home & Phoenix.....	\$150
September 6, Tacoma, dwelling:	
Boston Underwriters.....	\$374

**Oregon.**

August —, Portland, clothing:	
New Zealand.....	\$229
August 27, Lexington, frame building and merchandise:	
South British.....	\$166
September 23, Portland, dwellings:	
Royal, Norwich Union & Lancashire.....	\$3,000

September 6, Portland, school building and furniture:	
Scottish Union & National.....	\$112
National, Hartford.....	112
State Investment.....	2,074
Royal, Norwich Union & Lancashire.....	1,264
Home Mutual.....	2,230
Connecticut.....	2,901
Firemans Fund.....	2,230
Total.....	\$10,923

September —, frame coppersmith building:	
Liverpool & London & Globe.....	\$700
September —, Junction City, frame dwelling and contents:	
North British.....	\$1,325
September 7, Astoria, frame dwelling:	
Connecticut.....	\$1,000
September 19, Hood River, saw mill:	
Hamburg-Bremen.....	\$1,000
Firemans Fund.....	775

August 30, Portland, merchandise:	
Union, New Zealand.....	\$1,000
September 26, Dalles, dwelling:	
Home Mutual.....	\$600
September 25, Portland, dwelling and furniture:	
Hamburg-Bremen.....	\$465
August 30, Portland, merchandise:	
Union, New Zealand.....	\$1,000
September 22, Linn county, frame steam saw mill:	
Liverpool & London & Globe.....	\$4,000
California.....	2,000
Niagara.....	1,000
Total.....	\$7,000

September 19, Lane county, frame hay warehouse:	
Liverpool & London & Globe.....	\$800
Total, Oregon.....	\$29,933
Small unreported losses.....	\$2,730
Grand total.....	\$272,902

The Jumbo style of business is about to undergo a boom, says the *Monitor*, if it be true that the five-headed Prudential Fire is on the eve of completing its organization in New York, Boston, Philadelphia, Chicago and St. Louis. Each of these organizations has \$200,000 of capital, and each one will represent the other four.

One overreaching or domineering adjuster will arouse the indignation of an entire State. These gentlemen are, as a rule, just and liberal, respectful and urbane; but occasionally I have observed one who would provoke the wrath of Job, and the presence of this one would prove sufficient to induce all hostile legislation—*Lawyer Jackson*.

## CHESTNUTS.

The average death rate per 1,000 of many of the larger cities are given as follows:

London.....	19.0	Calcutta.....	26.0
Christiana.....	21.4	New York.....	26.0
Stockholm.....	21.9	Vienna.....	26.5
Geneva.....	22.5	Rome.....	26.5
Brussels.....	23.1	Warsaw.....	28.1
Copenhagen.....	23.3	St. Petersburg.....	30.7
The Hague.....	24.6	Buda-Pesth.....	37.8
Paris.....	25.6	Cairo.....	47.3

The Fire Association of New York, organized in June, 1886, with \$200,000 capital, on an entirely new plan—profits to be divided annually and all “risks carefully selected and rigidly inspected—suffered a loss ratio of about 85 per cent. the first year, and therefore paid none of the promised dividends to its participating stockholders.” Within the next sixty days the company must make good an impairment of \$99,058 of its capital stock, or shut up. The Jumbo business didn't work in this instance.

An exchange tells that Woodstock, N. B., furnishes a singular account of forty fires in one house within twenty-four hours, said to be due to spontaneous combustion of sulphur with which the absorbent fabrics in the house had become impregnated. Large quantities of sulphur had been used in fumigating the premises after a case of typhoid fever. The house had been but poorly ventilated, and the humidity of the atmosphere coupled with a powerful electrical current is thought to have caused the impregnated cotton fabrics to burst into flames. The family has been obliged to thoroughly replenish their supply of bedding, curtains and all other articles in part or wholly of cotton.

R. D. Alliger, a New York insurance agent, was published as a forger by a New York daily, last month, through an inexcusable mistake.

The Superintendent of the New York Board of Underwriters estimates that the entire city could be districted, and every risk reported on at least four times a year, at a great saving of expense if all the companies would combine in a movement of that kind, and if it were accompanied by a pledge from all the companies to refuse absolutely risks that did not conform to cer-

tain general but necessary provisions, the standard of safety would at once be raised.

Lyman W. Briggs, who organized the American Surety Company, and whose insanity was mentioned in our last issue, is dead.

Georgia has the anti-compact fever, and proposes, like Michigan, to prevent by statute any combination of underwriters to fix rates. Following is a section of the proposed law:

Be it enacted by the authority aforesaid, that whenever it shall be made plainly to appear by competent proofs to the Commissioner of Insurance that any insurance company licensed to do business in this State has entered into any contract, agreement, pool or other arrangement with any other insurance company or companies licensed to do business in this State for the purpose of, or that may have the effect to prevent or lessen free competition in the business of insurance in this State, thereupon said Commissioner shall revoke the license of such company or companies, and the same shall not be reissued until the President or chief officer shall file an affidavit with said Commissioner stating that all such contracts, agreements, pools or other arrangements have been annulled and made void.

It is estimated that about 4,000,000 square feet of plate-glass is imported every year, and the business of insuring it keeps pace with the increased amount in use. The plate-glass premium is based upon the size of the plate, the value of the glass rapidly advancing as the size increases. The premium on a window with several plates is seldom more than \$10 a year, and policies on different stores range from \$3 to \$100. There is no difference in rates for different localities, although there is more risk in certain sections than in others. For example, in one place where hoodlums prevail one window was broken four times within three months. Whenever a window is broken, the company at once replaces it by another plate. This is found to be a more satisfactory method of settlement than to estimate the loss and settle by the payment of money.

The “Le Royaume” Fire Insurance Co. of Brussels, Belgium, said to be a “wild-cat” of the first-class, is reported to have entered the United States, making its headquarters at Washington, D. C.

The following table from the *Review* gives the investment of the assets of the American joint-stock fire offices operating in New York:

Real estate .....	\$13,586,702
Bonds and mortgages.....	27,979,150
U. S. stocks and securities owned.....	32,129,941
Other stocks owned.....	66,804,372
Collateral loans.....	5,531,720
Cash in office and banks.....	9,256,548
Premiums unpaid.....	6,847,980
Miscellaneous assets.....	2,278,233

Total gross assets.....\$164,414,646

If there be anything more pitiable than a woman delicately brought up, and on her marriage day by an indulgent father given to a man to whom she is the chief joy and pride of life until the moment of his death, and then that same woman going out with helpless children at her back to struggle for bread in a world where brawny muscle and rugged soul are necessary—I say, if there is anything more pitiable than that I do not know what it is. And yet there are good women who are indifferent in regard to their husband's duty in this respect; and there are those positively hostile, as though a life insurance subjected a man to some fatality. —*Talmage*.

Capt. Shaw of the London fire brigade says the bursting of gas-pipes during fires is a very unusual event, and has never given serious trouble.

According to an Oxford (Eng.) paper, two riders of a fire engine triecyle laden with "one stand-pipe, one dam (forming a basket for carrying the hose, etc.), five fifty-foot lengths of canvas hose, one small fire engine of a capacity of twelve gallons per minute, with suction and delivery hose, one light portable fire escape, one jumping-net, six canvas blankets, one pair hand-lamps, hose wrenches, spanners, etc., etc., which form in itself a very powerful and effective fire plant," covered a distance of two miles, got their machine to work, and threw water on an "imaginary fire" within six and a half minutes.

A bill entitled "Assignees of Fire Insurance Policies Enabling Bill," now passing through the Parliament of New South Wales, is intended to enable assignees of fire insurance policies to sue thereon in

their own names, and to compel insurance companies to specify on policies their principal place of business.

It may be observed that insurance men are by no means the only business men who do not keep their word with each other. Trade has not yet arrived at that condition where lying as an intellectual means of overcoming a difficulty, has lost all popularity. Therefore, we may conclude that whoever has wares to sell must sell them at the lowest market price or not at all, and that if he compromises himself by promising to charge more, he is bound to get into trouble with his conscience or with his neighbors. This unending wail about board rules being broken is not only tiresome; it is futile. If the rules do not harmonize with circumstances then they are bound to be broken in spite of everything. It is sometimes possible to get up a corner in indemnity in the same way that is done with other commodities, but like wheat and pork and cotton and every other necessity, it is bound to come down to the level of supply and demand when the average price is figured up.—*Weekly Underwriter*.

It is beginning to be observed that the brokers are in reality more interested in commissions than in rates. The average broker is indifferent whether a rate is 1 per cent. or 1½, provided the commission is large enough. It has occurred to some underwriters, therefore, that the higher rates charged by the tariff companies can be secured more uniformly if the commissions are doubled.—*Monitor*.

In a little New York town (Warsaw), a prohibition place, the fire department refused to extinguish a fire in a "beer and hop factory." The insurance companies were probably the sufferers from this lawless fanaticism. If the town is not legally responsible, it should be made to pay the loss in the form of increased rates based on the absence of any fire department.

A contemporary proposes that the captains of city insurance patrols be furnished with a list of insured property in their several districts, and that they do nothing toward saving property which is not insured. The suggestion is evidently intend-

ed to compass exact justice, but is neither public spirited nor practical of application. It would be rather more than ludicrous for the patrol to answer an alarm in some remote district, and after a hard run to discover that the property afire was not insured. A useless expense would be incurred, and it would be somewhat discouraging for the patrol to "turn tail," perhaps to be cheated again on the next alarm. We suggest that a better means is to require uninsured property owners to pay a reasonable percentage of the salvage effected for them by the patrol. This would be equitable to all parties concerned, and would be directly in the line of public policy.—*Standard.*

### LOCAL MEMORANDA.

#### Books.

Law of the Fire Insurance Contract: A. C. Blodget, Detroit, Mich. A valuable and conveniently arranged work on fire insurance law, printed in successive forms, and supplied at the rate of \$1.00 per 64 pages—total not to exceed \$6.00.

Report of the Superintendent of Insurance of the Dominion of Canada for the year 1886. "Printed by order of Parliament."

#### Svea Fire.

As we can't read Swedish we must rely upon our Chart figures in giving a passing notice to the Svea of Gothenberg. It should be understood that the life department figures, large in themselves, have been cast out. Nearly \$200,000 was added to the assets in a twelvemonth, and both surplus and premium income were largely increased. Liberal dividends were paid as usual. Manager Philips increased the Coast business. The fire assets of the Svea are \$1,747,117, and the surplus to policyholders is \$1,053,329. The authorized capital (and the virtual capital under the Swedish law) is \$2,666,666.66, making the policyholders' surplus over \$3,000,000.

#### Amazon.

Among the prosperous companies is the Amazon of Cincinnati, represented by Rolla V. Watt on this coast. Noteworthy gains are reported in assets and premiums. The surplus to policyholders is about \$420,000, and the loss ratio is below the average.

#### Abbott Again a Defaulter.

It is reported that R. W. Abbott is again a defaulter, and has "skipped" to Mexico. For some time past he has been working for the Union Central Life at San Diego. The amount of his defalcation is said to be \$600. We have no sympathy to waste on any company that will employ Abbott after the exposure of his career by this journal.

#### North German.

Walter Speyer's company, the North German of Hamburg, increased its business some 15 per cent. last year, and reduced both loss and expense ratios, and paid higher dividends as the result of increased prosperity. Gains were also made in this field. The leading figures of the company's annual statement are: Assets, \$955,750; surplus to policyholders, \$533,261; premiums, \$436,038; Coast premiums, \$76,048, a gain of \$9,000.

#### National of Hartford.

A staunch company is the National of Hartford, represented by Manheim, Staples & Co. Its business is growing, here and elsewhere, as befits a company with \$2,000,000 assets and a million and a half surplus to policyholders.

#### "Cheap Insurance."

The United Friends of the Pacific levied 23 assessments in 1885, the A. O. U. W. and A. L. of H. 19, and K. of H. 21. This year the record will be worse. The Grand Councilor of the United Friends admitted that they all had suffered, but said: "Yet, when compared to the demands of life insurance companies, we ought to feel proud of our record." Twelve months later the order was greatly embarrassed, and is now bursted. Moral: insure in an old-line company. A good thing is worth its cost.

#### Agency Wanted.

An experienced agent with excellent references writes from Helena, Montana, for the agency of one or more fire companies. Any office wishing an agent at that place can be put in correspondence with the applicant by applying to the COAST REVIEW.

### Breaks the Record.

Professing friendly feelings toward the old-line companies, and a love of peace and a hatred of controversy, the *Fraternal Record* presents this olive branch:

Sixty-five life insurance companies during the last 20 years have been swept out of existence, taking with them \$101,420,255 and leaving behind them 256,182 broken promises.

What is your authority? Where do you get your figures? We have the record of only thirty-four companies that have failed in "the last 20 years," and nearly all these were small companies with nominal assets, and few "broken promises."

### The Best is None Too Good.

When a man is about to engage in the important, the sacred business of securing to his family the means of support in case of his own premature taking away, his effort according to his ability should be to "get the best." No consideration of apparent cheapness, the possible saving of a few dollars in expense, should permit the condition of "safety" to be made secondary; inferior goods may sometimes answer the purpose and meet the wants of the living man; but the husband and father who loves his wife and children, when he raises his hand from his grave to place in the hands of his loved ones that which is intended to yield the means of maintenance and education, should see to it that no counterfeit takes the place of the genuine article. In such a case the very best is none too good.—*Geo. A. Moore.*

### Sent Along.

From our disesteemed contemporary, the *Illustrated Com. Mag.*, we cut the following:

It looks a little "fishy," but if true it is worthy to be sent along, to-wit: The statement of *Standard* that one life insurance agent in Oregon sent in 24 applications for \$113,000 life insurance in the Home Insurance Company of this city in one mail, a week or so ago, to its Chicago general agent—all twenty-year endowments—and yet the agent had only three months' experience. If this record is true, this Oregon agent should be placed as near the home office as possible, to instill into it a little life and some new blood in its played-out management.

### Must be an Honest Man.

Last Monday a mysterious-looking yellow package fell from an envelope as we opened it. A perusal of the letter dissipated the alarming suspicions of an infernal machine, suggested by the shape of the package and the "dull thud" of its fall upon the table. It contained a silver quarter and a two-cent stamp all the way from Amos E. Hardy, of Bangor, Maine, who wrote for a sample copy of the *COAST REVIEW*, and "intends to subscribe if I find it will be of use to me." Of course he will subscribe. Mr. Hardy's application is a refreshing contrast to those which contain not so much as a stamp and are often written on postal cards.

### Scottish Union & National.

This Edinboro company celebrated its sixty-third birthday this year—or if it didn't it ought to, because the company waxeth strong and rich. It reports much new business, diminished losses, additional assets and fat dividends—and thus it is every year. The assets are nearly \$3,000,000, and the surplus to policyholders over \$2,000,000, and the annual premium income is in the neighborhood of 1200 thousand. Messrs. Manheim, Staples & Co. are pushing the strong claims of the Scottish Union in this field with flattering results.

### Sun Fire.

The Sun Fire Office of London can boast of over a century and a half of existence. The figures 1710 have a very antique look, and carry with them a weight of stability and responsibility. We thought we were going to get the home office figures when the company entered California, but the company preferred to change the law rather than take the *COAST REVIEW* and the public into its confidence; and so we can simply say that the Sun Fire Office has \$1,477,933 of unexceptionable assets invested in this country, and further that the net surplus is \$242,678—figures which commend the company to the favorable consideration of property holders. Hutchinson & Mann transact a large business for the Sun Fire in this field.

## Sensible, if Sensational.

In five years the American life companies paid three hundred millions of dollars to the families of the bereft, and are promising to pay—and hold themselves in readiness to pay—two thousand millions of dollars to the families of the bereft. They have actually paid out more in dividends and death claims than they have ever received in premiums. I know of what I speak. The life insurance companies of this country paid more than seven millions of dollars of taxes to the government in five years. So, instead of these companies being indebted to the land, the land is indebted to them. To cry out against life insurance because here and there one company has behaved badly is as absurd as it would be for a man to burn down a thousand acres of harvest field in order to kill the moles and potato bugs—as preposterous as a man who should blow up a crowded steamer in mid-Atlantic for the purpose of destroying the barnacles on the bottom of the hulk.—*Talmage*.

## Not Badlam's Company.

"Gintlemin," exclaimed an Emerald Islander, who was holding forth to an assemblage of men on the advantages of belonging to an assessment society of which he was President,— "gintlemin, I couldn't begin to tell ye half the privileges appertainin' to a membership in this society, but I'll thry to tell ye a few. First, whin ye are sick it'll not be pertaters and tay ye'll be gettin', but foine cuts of roast bafe and fashin's of the best whi-key. Nixt, whin ye are dead, ye'll have such a foine funeral that the folks on the sidewalks 'll be afther askin', wid their eyes stickin' out like a lobster's, 'Surr, who's in the coffin?' An' whin ye are buried we'll take sich exsadin' good care of your wives an' children that they'll all be rejoicin' greatly because they are widders an' orphans."—*Ex*.

## "What a Falling-off was There."

The Mutual Reserve Fund wrote \$4,858,000 of new insurance in Canada last year, and lost \$3,299,000 by lapses. The association must be pretty well known up there.

## Extra-ordinary.

A Chicago firm, agents for a leading life company, write as follows about the COAST REVIEW EXTRA, printed last month:

We are sorry that our order cannot be filled entirely, as your "Extra" is one of the best that we have ever seen, and treats co-operative insurance without gloves. If you should issue a second edition we will be glad if you will let us know so we can send in another order.

If any San Francisco office has more than enough of the Extras, buyers can be found by applying to the writers of the foregoing.

## A Bursting Hat-Passer.

The United Workmen Relief Society of St. Louis [see August COAST REVIEW] has ceased to do business because of the unexpected and unprecedented heavy mortality. This misfortune cannot be attributed to lax medical examination, because the rules of the society were especially strict and rigidly enforced. Of the last twelve deaths only two were from chronic diseases, the rest being from accidents, fevers and acute ailments, none of which could have been anticipated two weeks before the sickness began or the event happened.—*A. O. U. W. Overseer*.

## Union of New Zealand.

The Union F. & M. Insurance Company of Christchurch, N. Z., recently held its annual meeting, and considered the statement of the company for the year ending May 31. The affairs were satisfactory, and a dividend of 10 per cent. was declared. The figures are substantially those filed in California, to-wit: assets, \$914,395; net surplus, \$163,643; surplus to policyholders, \$663,643; premiums, \$520,923; loss ratio, 57. L. L. Bromwell directs the Pacific Coast affairs of the company.

## Phoenix of London.

We have heretofore neglected to note the extraordinary gains in assets and net surplus, etc., of the Phoenix Assurance of London; but it is never too late to do a good deed or report good news. A half million dollars was added to the \$6,924,563 assets of the company last year, and the net sur-

plus (\$3,765,545) gained even more. The past two or three years have been unusually prosperous for the company. The United States branch reports \$1,921,136 assets and \$647,534 net surplus. These figures, like the foregoing, must be satisfactory to the American policyholders and Messrs. Butler & Haldan of 413 California street.

#### Another Unauthorized Reference.

Mr. Gutte, of Gutte & Frank, recently received a letter from Mexico asking him for information about the standing of the Bankers' & Merchants' Mutual Life. Mr. Gutte's name had been used by the association as a reference, without his authority. Mr. Badlam, apparently, changes his list of references every month or so, and takes whatever responsible name he pleases; but he still uses Senator Stanford's name as a reference, notwithstanding that gentleman's declaration that he never authorized such use of his name. Shakespeare should be amended, for it is certain that the theft of a name doth enrich the robber.

#### "Taken In."

UNITED FRIENDS OF THE PACIFIC.—On account of financial embarrassment this once flourishing organization has now ceased to exist. It has for some time been unable to meet its obligations, and now its liabilities amount to something over \$100,000, with but \$8,000 in the treasury. According to the statement of the Grand Secretary the different councils have refused to pay their assessments and have surrendered their charters. Steps are being taken to effect a new organization to *take in* [the italics are ours.—Ed. C. R.] as many of the United Friends as may be willing to join on a new basis.—*Fraternal Record*.

#### Chips.

—The interest receipts of the Northwestern Mutual Life Insurance Co. have been greater than the losses since 1871. The total losses since organization, up to January 1, were \$14,282,568.91, and the interest receipts were \$20,366,758.52. The total losses paid in California have been \$481,996.56.

—Rather lively is this month's COAST REVIEW.

—Marysville has had five incendiary fires within five weeks.

—W. F. Mason, Superintendent of the Western department of the Union Mutual Life Insurance Company, is in the city.

—J. H. Richards has concluded to remain in New York during the winter. A little of the Eastern climate has already much improved his health.

—About a dozen adjusters were engaged in settling the Marysville losses, and they have returned oppressed with heat, and half sick. They would have us believe that it was the Marysville water.

—The Mexican consul in this city is receiving inquiries from the City of Mexico, as to the standing of the Bankers & Merchants M. L. A. If the City of Mexicans knew Manager Allen's reputation as well as we do they would never ask about the standing of an enterprise that has no standing.

—The Union Mutual Life office has been removed to 328 Montgomery street. Chas. F. Cook, the manager for Central California, has resigned. At the present writing his successor has not been appointed. C. L. Bennett, manager for Oregon, has also resigned, and is succeeded by Wm. D. Bean.

—How very smoothly things run along under the admirable compact system on this Coast. In the "good old times" the COAST REVIEW man in search of a "chip" always found somebody "kicking," and he could depend on getting a clue to some astonishing fact; but nowadays the serenity of everybody and the monotony of everything is very exasperating to a well-regulated newspaper mind.

--Lawrence Leonard has commenced suit against the American Fire Insurance Company of Philadelphia to recover \$3,000 on a policy insuring a stock of general merchandise, contained in a one-story frame building in Democrat Gulch, Josephine county, Arizona. The loss, if any, was made payable to Wilmerding & Co., who have requested the company to pay to Leonard the amount of the policy.

—In a conversation with the publisher of this paper Mr. Badlam objected to any classification of his Bankers & Merchants with the little, insignificant and snide Home Benefit Association. In his "answer" to the COAST REVIEW, Mr. Badlam drops a sugar plum into the mouth of the "snide," and thus "evens up" the account.

—The man who believes there is such a thing as *common* sense must change his views when he learns that the repudiating members of the United Friends have formed a new association, "free from debt" and un-insurable members. The old lesson, to be drawn from failure, is an easy lesson they cannot learn. They are as dishonest and unfraternal as they are foolish.

—The Maine law convertible policy of the Union Mutual Life (class A) guarantees a mortuary dividend of 50 per cent. of all premiums paid if death occurs within five years of the anniversary date of the policy. Annual dividends are paid upon the payment of the sixth annual premium. The policy may be surrendered at the end of every fifth year. Among the options is that of an annuity.

—The total number admitted to the A. O. U. W. in this State up to January 1, 1877, was 24,550, and the total losses only 6,221. This would seem to indicate that the "new blood" is coming in much slower than has generally been credited. This explains the marked increase in the average age—41 years. The mortality of the order, under this state of things, may be confidently predicted to increase steadily, because the new and young entrants are not coming in freely enough to maintain a low average age and mortality.

—In the annual report of the A. O. U. W. grand lodge of California for 1886 the membership is placed at 18,326 on January 1, 1887, which is more than was reported to the national organization. The deaths were 198, or about 11 per thousand. The average age of the deceased was 46 years. The average age of the members is 40.75, a considerable gain over previous years. The order is growing gray in this State—there are "silver threads among the gold."

—Col. Kinne *did* attend the Grand Army Encampment in St. Louis.

—The Ancient Order of United Workmen had 188,364 on the first of June. The leading States, in membership, are as follows, in the order given: New York, 25,558; Illinois, 19,257; Missouri, 19,165; California, 17,490; Pennsylvania, 15,276. Six Southern States have an aggregate membership of only 1,383.

—The absence of Mr. Edwards, who is "swinging round the circle," will sufficiently account for the absence of local news in this month's issue. It may be prudent for us to add, also, that as soon as the city list is distributed, the doors will be barricaded, and no assessor will be admitted unless he can give the countersign.

—In 1879 only four jurisdictions of the Ancient Order of United Workmen had a death rate exceeding ten per thousand. In 1886 there were ten jurisdictions of the order which had a death rate exceeding ten per thousand. This increase of 150 per cent. tells the tale of a gradual increase in the death rate, and ultimate failure.

—The United States Life Insurance Company of New York has adopted the continuable term plan of life insurance, which enables a man to procure insurance on his life for a longer or shorter term (not less than ten years) at actual cost. At the age of 35 the annual rate per \$1,000 charged by the company under this method is \$15.41 for ten years; \$16.12 for fifteen years, and \$17.14 for twenty years.

—The Northwestern Mutual Life office in this city needs a sign—one in accord with the assets and standing of the company. We know of a gentleman who searched for a sign at 215 Sansome, and not finding any, concluded the office had moved, and made inquiries accordingly. Nobody could tell him where the office of this great life company was, but finally a COAST REVIEW man piloted him up the stairway and pointed out to him the modest sign on the office door. Get a handsome new sign, Mr. Smith; hide not your light.

—W. P. Thomas, assistant manager of the South British, is in Portland.

—J. D. Macpherson, manager of the South British, has returned from the East.

—The COAST REVIEW subscribers live not merely on every continent of the globe, but in some of the most out-of-the-way places in Japan, China, India and Africa.

—J. G. Edwards, the publisher of the COAST REVIEW, is supposed, at the present writing, to be having a royally good time in New York city. He will return via the Northern Pacific and Portland about the 1st of November.

—The Great Western Mutual Aid and Accident Association of Denver is reported to be doing a big business in Los Angeles. We warn the people of that city that this Denver combination is utterly unreliable, without assets, and with a bad record.

—It is not good practice to increase the amount of a policy, or any of its items, or by the addition of a new item, even, by indorsement. Several companies will not permit such additions to a policy. To cancel and re-write gives the simplest contract, and is, therefore, the best way to do it.—*Now and Then.*

—An unfortunate girl recently suffered a great injury from the fall of an electric-light wire. It is related that she has become wrinkled and decrepit, with all the appearances and feebleness of age. A co-operative will exhibit the same "symptoms" of age when in blooming youth, without any contact with an electric wire; but frequent assessments have an electrifying effect upon the members.

—In the re-rating of towns and in the revision of rates some are reduced and some increased. There is nothing curious about this, but it is queer that immediately so many existing policies on the reduced risks, having more or less time to run, are cancelled and re-written at the reduced rate, or are indorsed to conform to the reduced rate, while the policies on the risks increased are not disturbed. It is a poor rule that does not work both ways, and this practice is not a just one.—*Now and Then.*

—Life men should send us all the facts about the workings of co-operative insurance which may come within their observation. We depend upon them, largely, for our information. All the theoretical demonstrations of the defects and necessary failure of the plan of assessment insurance do not equal one fact illustrating the failure. The fact that the family of Tom Jones of Jonesborough received only ten per cent. of their \$5,000 claim is of more value than a ton of the anti-assessment literature your home office may keep in stock.

—Almost daily we receive orders for our extra of last month, but can fill no order, not even for a single copy.

—It is estimated that the United Friends of the Pacific—now dead and buried—left 400 uninsurable members—the old, the sick, the feeble, and the more numerous class which have developed symptoms of a constitutional disorder. Put this lamentable fact down to the discredit of co-operative insurance.

—If agents of other companies try to induce you to drop your policy in this, or any other company you are already insured in, do not be too hasty in following their advice, but first write to the officers of your company direct, and obtain from them accurate information. Agents of that class are, as a rule, those whose only object in getting you to change is their personal gain, and having that in view, would not hesitate to cause you to sacrifice your interests by such unfair methods.—*Union Mutual Circular to Policyholders.*

—In 1858 the San Francisco savings bank paid 1½ per cent. a month. Now they pay as low as 3½ per cent. a year. This fact illustrates the great change in the times. During the war over 12 per cent. a year in gold was paid.

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### Spreading it on Thick.

SYDNEY, September 6, 1887.

Your REVIEW is a grand paper; to my mind no other publication of the kind is at all to be compared to it. If you had an agency in the Colonies for sale of your paper and insurance works you should do well, provided, of course, you secured the right man to represent you.

L.

# THE ECONOMIC FIRE OFFICE,

LT., OF LONDON, ENG.

CAPITAL,	-	-	-	-	-	-	-	\$5,000,000
Paid up Capital,	-	-	-	-	-	-	-	350,000

JOHN CARSWELL, General Manager.

GUTTE & FRANK, General Agents for the Pacific Coast,

305 California Street, San Francisco.

J. G. CONRAD.

J. D. MAXWELL.

## CONRAD & MAXWELL,

FIRE AND MARINE

### UNDER WRITERS,

421 California St., San Francisco.



GENERAL AGENTS OF THE

American Steam Boiler Ins. Co.

Of New York.

Cash Capital,	-	-	-	-	\$500,000
Total Assets, over	-	-	-	-	740,000

SAN FRANCISCO DEPARTMENT

OAKLAND HOME INSURANCE COMPANY.

TRADERS INSURANCE COMPANY.

IMPERIAL FIRE INSURANCE CO. OF LONDON.

# THE COAST REVIEW

A MONTHLY JOURNAL

DEVOTED TO

FIRE, MARINE, LIFE AND ACCIDENT INSURANCE

J. G. EDWARDS, PROPRIETOR,

320 Sansome St. (Room 13), San Francisco, Cal.

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## PUBLISHER'S NOTICE.

Terms: \$3.00 per year; single copies, 25 cents postage added to all foreign subscriptions. February copies to non-subscribers, 50 cents.

Postage, when not sent from this office, is 2 cents per copy.

Subscriptions discontinued on expiration only when so ordered by subscriber.

Subscriptions may begin with the January number, if so desired. Unless otherwise ordered, however, subscriptions will begin with the current issue.

Post office boxes or street and number should be added to address to secure a safe delivery.

Discontinuance, or errors, or changes in address, should be reported to the COAST REVIEW, and not to the post office. Repeat order if necessary. Subscribers and others who may take this journal from the post office or carrier are legally responsible.

THE COAST REVIEW will be printed about the 5th and mailed about the 7th of the month.

Advertising rates made known on application.

Correspondence invited. Write on one side of paper only. Be careful with names and dates.

Our readers are requested to send us court decisions and newspaper clippings relating to underwriting interests.

Communications, new advertisements and changes in old advertisements should be handed in before the 1st of the month, or as soon after the 1st as possible.

## EXTRACTÆ.

It is said that the truck horses at the fire department headquarters in Detroit can distinguish between the telephone bells located in the house. One is a private box connecting the fire stations, while on the other alarms are frequently received from the Exchange. Not one person in twenty can detect any difference in the tone of the bells, yet the horses are on the alert the instant the telephone on the regular wire rings, but they pay no attention to the other.

### The New York No-Compact System.

It must be admitted that rates on many risks have had a frightful tumble. The dire disasters to rates and commissions, as predicted when the short-lived compact was killed, have been more than realized. The worst that was predicted has been exceeded. Hard-wood lumber-yards have been written at 40 cents, and similar risks with oil exposures at 60 cents, while soft-wood yards are taken freely at 55 or 60 cents. Wholesale grain and liquor stocks are gleefully accepted in second-class buildings and third-class neighborhoods at 20 cents—the latter doubtless to show their superiority

over small retail groceries, which are eagerly written at 25 cents. While there are some companies and especially the agencies standing out with Spartan firmness against these demoralizing rates, it is a sad fact that the streak of idiocy in low rates now prevailing is pretty evenly diffused among the local and English companies.—*Monitor*.

#### Collision Clause.

My remedy would be to make the collision clause a separate and distinct contract, the shipowner to take out a special insurance for collision liabilities, to be paid for at rates commensurate with the risks run and obligations incurred. It is, I think, a most unfortunate circumstance for underwriters that the collision clause was ever tacked on to the ordinary marine policy; it should never have had any relationship with it. Although the value of a steamer for insurance purposes is usually reduced year by year with a corresponding reduction in premiums, yet the underwriter has, under the collision clause, the same obligations to the insured, unless, indeed, the value comes down to less than £8 per ton.—*Rennie*.

#### Whitewash.

"Do you know," said a scientific gentleman the other day, "that it is next to impossible to burn a whitewashed fence? And do you know further, that in France, to protect the frame and interior of buildings from fire, the walls, beams, joists, and the under-sides of floorings are thickly coated with limewash before they are placed in position? It is so, and if this course, which has prevailed abroad almost from time immemorial, were adopted here, it would save many a house, many a village, from destruction. I do not mean to say that it will prevent the spread of a fire once under great headway, but from its unflammable character it is a guard against the prime ignition that often leads to dire results."

#### Embracery.

No insurance company ever paid or offered to pay me anything for political purposes, except the Mutual Reserve Fund Life Asso-

ciation. In 1884, a representative of that company offered to contribute on behalf of the company \$500 for political purposes, in consideration that the company should be admitted to do business in New Jersey. Unnecessary to add, I refused his offer.—*New Jersey Secretary of State Kelsey*.

#### Our Sentiments.

I think there is nothing to choose between a jury and a judge in the matter of prejudice against corporations generally and insurance companies particularly. The appointment of judges has been taken almost universally, except in the Federal courts, from the supreme power of the State, and made on popular election; as a counterpoise to the fact that judges are elected by the popular vote, there is but one thing to do, in my judgment, and that is to have a healthy criticism by the public, through the press, of the decisions of the courts. We should probably look in vain to lawyers for that kind of criticism, but it is not altogether beyond the province of laymen to occupy the position of critics on judicial decisions. Judges who are merely technical lawyers do not always look at the law with the large-mindedness that an enlightened layman of liberal education and general reading would look at it.—*Notman*.

#### Beyond the Aid of Science.

"If you will pardon the suggestion, Madam," said the country physician, "you ought to persuade your husband to get his life insured."

"You are very kind, doctor," said she feebly, "but it would be money thrown clean away. He will drink himself to death in spite of all they can do for him."—*Weekly Statement*.

#### Railway Accident Insurance.

A new mode of accident insurance is contemplated by the Russian railway companies. It is proposed that each traveler, on taking his ticket, be charged an additional kopeck (a hundredth part of a rouble) on each rouble paid for his fare, thereby insuring a hundred roubles for each kopeck paid. The rate appears very low, but it is calculated that the number of travelers on the

Russian railways is 40,000,000 every year, and of these only about 500 meet with accidents. The average number of railway officials who meet with accidents is estimated also at about 500 every year.

#### Compensation for Injuries to Workmen.

At a recent meeting in Berlin of surgeons attached to railway workshops, a scale of unfitness for work was drawn up. A standard of 100 per cent. was agreed to as representing the loss of both eyes, both arms or hands, both legs or feet, and one arm or hand, and one foot. The remaining possible injuries were classified as follows: Right hand, 60 per cent.; one foot, 50 per cent.; left hand, 40 per cent.; right thumb,  $33\frac{1}{2}$  per cent.; one eye, 22 per cent.; left thumb, 14 per cent.; first finger of right hand, 14 per cent.; first finger of left hand, 8 per cent.; any other finger of right hand, 6 per cent.; any other finger of left hand, 4 per cent. It is remarked by the *Colorist*, of Vienna, that the valuation of the right thumb at  $11\frac{1}{3}$  per cent more than one eye, is curious.

#### Fire Inquest Law.

Let us suppose that this law has been in force ten or a dozen years, and the coroner has made a record of several hundred fires, and his work has been aggregated with that of the other officials in the whole State, so that an immense number of burnings, large and small, have been investigated, their causes ascertained, their results set down, their environments described, their bearings, physical and moral, and their teachings transcribed for future guidance. What have we got? We have found out that certain plans of buildings are dangerous, that certain methods of manufacturing breed fires, that certain ways of lighting and heating and policing our property encourage their destruction. Prudent men will take the hint and build better, and heat and light and guard better, and imprudent men can be restrained by law after we find out why and how to restrain them.—*Hinc*.

#### As They Do in France.

A photographic furniture dealer had insured his furniture and stock for 56,000

francs. Everything was burned except the books. The insurance company "valued" after the fire, and offered 30,000 francs. The victim naturally objected, but the company stated that they must deduct about 35 per cent. for depreciation. The dealer produced his invoices. Amongst other things were photographic apparatus bought ten days before the fire at 1,000 francs each; not used, scarcely unpacked. Any ordinary person would have said they were as good as new. Not so the insurance company—depreciation 35 per cent. There was also a quantity of nitrate of silver, bought at 90 francs a kilogramme. The day of the fire the market price was 120 francs. "Never mind," says the insurance company; "you paid 90 francs—depreciation 35 per cent." Could anybody but a French insurance company's expert imagine an actual depreciation in the value of an article having a market value according to its weight, just as bar gold or silver?

#### THE LAW.

The opinion of a witness as to the value of a house was properly rejected when it was not shown that he had competent knowledge on the subject.

Where a provision is inserted in a policy for the benefit of the insurer, and there is reasonable doubt as to its meaning, that construction is to be given it which is most favorable to the insured.

The U. S. C. C., Tenn., has held that where the constitution of a mutual benefit association provides that a certificate cannot be forfeited till the party is more than six months in arrears for the local lodge dues, such dues do not become in arrears till the end of the term, though the lodge provides that they are payable in advance.

In *Kansas P. U. v. Whitt* it was held that the company, by denying all liability, waived proof of death.

Only one of the parties insured signed and verified the particulars of loss. The company did not object to the sufficiency of the particulars until after the action was brought, and in first suit on another policy

based their refusal to pay on other grounds. It was held that they had waived any objection to the sufficiency of the particulars. *Firemens Ins. Co. v. Floss, Md. C. of A.*

The Pennsylvania Supreme Court has under advisement a case where the policy was delivered unreceipted, the premium not having been received. In the lower court the jury returned a verdict for the plaintiff, and from their decision the company appealed, on the ground that the policy contained this clause: "Only such persons as shall hold the commission of the company shall be considered as its agent in any transaction relating to this insurance or any renewal thereof, or the payment of premiums to the company. Any other person shall be deemed to be the agent of the assured, and payment of the premium to such person shall be at the sole risk of the assured." The insurance had been requested of an agent of another company, who in turn had secured the excess insurance of the agent of the defendant company. The policy passed through the hands of both agents before delivery to the insured. The delivery of the policy, under the circumstances, will doubtless be treated as a waiver of the quoted clause.

In a recent decision, the Supreme Court of Texas said: "It is well settled that a person who has no insurable interest in the life of another cannot take any benefit by his death, and the Supreme Court of the United States has said that it cannot see how the assignment of a policy can confer an insurable interest when the assignee could not take out a policy. The courts of Indiana, Kansas, Kentucky and Pennsylvania, and many eminent text writers, have taken the same view. But in Massachusetts, New York, Rhode Island and Wisconsin, such an assignment has been upheld. We think those decisions which held these assignments invalid are based upon the more satisfactory reasoning. When the policy is transferred the assignee becomes its owner, and all the objections which would be available as against his taking out a policy may be urged against his holding it by assignment. He would have the same

interest in the speedy death of the subject of the insurance, and we are clear that the assignment is void as against public policy. It is of no importance that the rules of the Knights of Honor permitted the benefit certificates to be so assigned, as the lodge here did; these rules will not prevail over settled rules of sound public policy."

The Indiana Supreme Court recently decided that where a duly authorized agent of an insurance company delivers a policy of insurance which acknowledges on its face that the premium has been paid, such acknowledgement, in the absence of fraud, precludes the company from denying that the premium was paid, for the mere purpose of defeating the policy. The agent, in this case, was a debtor of the assured, and gave credit for the premium by assuming the responsibility. The agent subsequently remitted in the usual course of business. *Home Ins. Co. v. Gilman.*

#### Digest of Recent Insurance Decisions.

##### Fire.

*Anderson v. Continental Ins. Co.; N. Y. C. of A.*

AN OLD CASE—NON-PAYMENT OF PREMIUM.—After the policy had been made out by the company on the plaintiff's application, it was sent to the plaintiff's address, to be delivered to her on the payment of the premium; but, she having left town, it was sent to her agent, who returned it to the company, saying that he had no advice as to the plaintiff's wishes on the subject. Thereafter a bill for the premium was sent to the plaintiff's address, stating that the company held the policy subject to her order. The plaintiff did nothing in reference to this bill, and some months after it was sent to her a fire occurred, which destroyed the property mentioned in the policy, and a few days thereafter plaintiff tendered the premium, and gave notice of the loss.

*Held,* That the contract was never consummated, and plaintiff cannot recover. The efforts to give the plaintiff opportunity to pay by sending a bill for the premium to various addresses, legally indicated nothing more than a desire to treat her with courtesy and liberality.

Chadbourne v. German-American Ins. Co.; U. S. C. 3C.

**NOTICE OF CANCELLATION — CHANGE OF OWNERS.**—The policy was taken out by A, who gave his obligation for the premium, and made payable to B, a mortgage. Subsequently the policy was confirmed to B, who had become the owner of the property, and was made payable to C, a new mortgagee. The company notified B and C by mail, on Friday, which notice was received about 10 o'clock Saturday, that the premium was unpaid, and that the policy would be cancelled unless the same was paid on or before the next day. On Saturday the company notified B, and C by mail, which notice was received about 10 o'clock Monday, that the policy was cancelled, and demanded a return of the policy and payment of the earned premium. The premium was not paid, and the property was destroyed by fire between noon and two o'clock of the same day.

*Held*, that no notice having been mailed to A, who was alone under any obligation to pay the premium, B and C were not guilty of any fraud or default authorizing the attempted cancellation, and that the company was liable for the loss.

#### Inland.

Sun Mutual and Hibernia Ins. Co. v. Transportation Companies; U. S. S. C.

**UNSEAWORTHINESS — SUBROGATION — APPARENT PARTNERSHIP CREATES A JOINT LIABILITY.**—The libellant insurance companies insured certain products and merchandise, delivered at St. Louis, Mo., May 21, 1880, on board the steamboat *Henry C. Yeager*, for transportation. The day after that boat left St. Louis, she being unseaworthy sunk, and her cargo was lost. The libellant insurance companies paid the owners of the cargo \$31,720.10, and being subrogated to all the rights, etc., of such owners, brought this suit jointly against the appellees to recover said amount, upon the general ground that the shipment on the *Yeager*, May 21, 1880, was part of the general transportation business, in which all of said transportation companies were engaged under the name of the "Kountz Line," and that said companies were jointly liable

for said loss and damage. The District Court discharged the attachments and dismissed the libel. The Circuit Court held that the H. C. Yeager Transportation Company was alone liable as owner of the *Yeager*, and dismissed as to the other respondents. The principal assignment of error at bar was "that the court erred in not holding the respondents, or some of them, jointly liable for the loss of the cargo." It does not appear that the Kountz Line corporation, at the time of the shipment on the *Yeager*, or at any time during 1880, owned any steamboat or other water craft, except a wharf boat at St. Louis. The Circuit Court also found that the Kountz Line and the said transportation companies "owned no property in common," and "there was no community of profits or property between said companies, including the Kountz Line, or any two or more of them." But it also found that "none of said steamboats were ever advertised by the name of the corporations that owned them," and that from the date of the incorporation of said transportation companies to the date of said shipment on the *Henry C. Yeager*, "none of said transportation companies ever transacted any commercial business by their several and respective names, but the same was done by the name of the Kountz Line, or in the name of the individual boats belonging to said transportation companies."

It was not claimed that the four transportation companies, organized in 1872, can be held jointly liable for the loss of the produce and merchandise shipped on the *Yeager* by reasons of their being in fact partners, having the right to participate in the profits of the business conducted by and in the name of the "Kountz Line." They did not share or agree to share the profits or to divide the losses of that business as a unit. On the other hand, it was not disputed that, according to well settled principles of law, a person not a partner or joint trader may, under some circumstances, be held liable as if he were, in fact, a partner or joint trader. Story's Part., Sec. 64; Gow. on Part., p. 4; *Waugh v. Carver*, 2 H. Black, 235, 246.

*Held*, The question at issue is, Did the Kountz Line Co. so conduct themselves toward the public as to induce in a shipper, acting with reasonable caution, the belief that they were in a combination of the nature of a partnership, or were engaged as joint traders as the Kountz Line? The question, consistently with the inferences which the facts reasonably justify, must be answered in the affirmative. The facts show that in no instance was business transacted by the Kountz Line corporation, as representing the particular transportation company owning the boat on which the shipment was made. These companies, therefore, stood before the world as having united for the purpose of engaging in the same trade, under the name and style of the Kountz Line, having a common agent—the Kountz Line corporation—fully authorized to represent them, and each of them, in respect to matters connected with such business. They held themselves out as united in a joint enterprise, under the name of the Kountz Line, and they are jointly liable for the default or negligence of those placed in charge of any of the boats of that line.

*Held*, That the transportation companies owned no property in common, and that each was entitled, as between it and the others, to receive the net earnings of its own boat, is immaterial in view of the fact that they held themselves out, or permitted themselves to be held out, as jointly engaged in the business of transporting freights and passengers, in the same trade, on the Mississippi and its tributaries. So far as the public was concerned, that which was done by their common agent, the Kountz Line corporation, in the prosecution of the business of the several boats constituting the Kountz Line, is substantially what would have been done had the transportation companies entered into a formal agreement to conduct the transportation business jointly under the name of the "Kountz Line," through an agent having full authority to represent that line and the several boats composing it, in the making of contracts with shippers. The latter had the right to infer, from all the circumstan-

ces, that the boats constituting that line were jointly engaged in such business.

*Held*, As there is no serious conflict in the adjudged cases as to the general propositions of law to which we have referred, it would serve no useful purpose to review the authorities to which our attention is invited by counsel. Whether, in a particular case, there has been such a "holding out" as to create joint liability, must always depend upon its special facts. No one of the cases cited resembles the one before us in its facts. The case seems to be unlike any found in books, in the peculiar relations existing between these transportation companies, the Kountz Line corporation, and the stockholders of each of them. We decide nothing more than that, under the facts of this case, the H. C. Yeager Transportation Company, the K. P. Kountz Transportation Company, the Carrie V. Kountz Transportation Company, and the M. Moore Transportation Company, were and are jointly liable for the loss of the produce and merchandise shipped May 21, 1880, on the steamboat *Henry C. Yeager*. The Circuit Court erred in not so adjudging.

#### Marine.

Royal Ex. Ship. Co. v. Dixon; H. of L.

**CARGO IMPROPERLY CARRIED ON DECK—JETTISON.**—Where cargo is carried on deck in breach of the contract, the existence of a general practice of so carrying it at the ship-owner's risk, amounts merely to a practice on the part of the ship-owners of breaking their contracts, and paying the damages resulting from their breach. Such a practice, although the shipper may be aware of it, and makes no objection to the carriage of the goods on deck, does not create an exception to the rule, that the jettison of goods placed on the deck of a sea-going vessel, not under contract with the shipper, but by the act of the ship-owner, and at his risk, cannot give rise to any claim of average, whether general or particular.

Norwich Equitable v. Royal; H. C. J.

**FIRE INSURANCE "TREATY" AGREEMENT FOR REINSURANCE.**—The N. Company was

constituted for the purpose of granting "policies of insurance" against loss by fire, with power to effect reinsurances of risks with other companies, and to employ agents. The managers of the N. Company, with the consent of the directors, entered into a "treaty" agreement with the R. Company, whereby the N. Company were to become liable for one-eighth of all risks on insurances effected by the R. Company in Smyrna, and to receive one-eighth of the premiums, less twenty per cent. commission on account of expenses. The N. Company was wound up, and the R. Company made a claim in respect of the above "treaty" agreement, and of other agreements. The liquidator sought to have the claim disallowed so far as it was founded on "treaty" agreements, on the ground that such agreements, being contracts of partnerships, were *ultra vires* of the company, and void.

*Held*, That the "treaty" agreements were not contracts of partnership, but contracts of agency, whereby the R. Company were made agents to effect reinsurances for the N. Company; that such contracts were not *ultra vires*; that being contracts of insurance they were policies binding on the N. Company, and that the claim of the R. Company must be allowed.

#### Life.

*M. Quilty v. Continental Life Ins. Co.*; R. I. S. C.

**PAID-UP POLICY—PREMIUM NOTE.**—A fifteen-year endowment policy contained a provision that it should cease in case of default on the part of the assured in paying premiums, or interest in advance on outstanding premium notes, or the notes themselves at maturity, with the proviso that, if after the payment of two or more annual premiums the assured should make default in paying a subsequent premium, the company would convert the policy into a "paid up" policy for a proportionate amount of the sum insured. The assured paid the first two premiums in money and notes, and then made default and applied for a paid up policy, agreeing to pay the company annually, in advance, the interest on all outstanding premium notes. The policy was endorsed by the company as binding

for two-fifteenths of the sum insured, subject to the conditions of the policy. The assured did not thereafter pay any interest on the premium notes theretofore given.

*Held*, That she could not recover. That the paid up policy was forfeited by reason of the non-payment of interest on the outstanding premium notes. That if the assured was capable of taking the original policy she was also capable of exchanging it under the provision for conversion into the so-called "paid up" policy. That the contract is not rendered void by the fact that notes made by her, which would not bind her personally, were received in part payment of premiums.

#### Accident.

*Freeman v. Travelers Ins. Co.*; Mass. S. J. C.

**DUE DILIGENCE FOR PERSONAL SAFETY.**—Insured was a section hand, who while in the discharge of his duties was run over and killed by a train. Payment of the amount of accident policy was refused, on the ground that insured had not exercised due diligence for his personal safety and protection. In the lower court, where the jury brought in a verdict for plaintiff, the presiding judge refused to rule that there was not sufficient evidence of "due diligence."

*Held*, That such refusal did not harm defendant, because the burden of proof was on defendant.

*Held*, That in an action upon a policy containing many provisos and conditions there is a practical wisdom, which courts have recognized, in compelling the insurance company to allege and prove the want of compliance with any particular proviso or condition upon which it relies.

When, as is sometimes the case, officers and members of fraternal insurance orders decry the life insurance companies, and so far as their influence goes attempt to prevent others from taking life insurance policies, they are guilty of a wrong that may be productive of most serious and disastrous consequences to those whom they thus ostensibly seek to benefit, and of lasting regret to themselves.—*Pacific Mutual*.

### Reinsurance Reserve.

In regard to the reinsurance reserve, it may be looked at from two points; first as a fund for the protection of policyholders should the company get into difficulties and to reinsure all its risks in some other company or companies, or to cancel its policies and return the premium to the assured; or it may be looked to as a fund provided for the payment of losses which may arise on policies in force at the time the reserve is made. If the latter view is the correct one, then I suggest that a single line be inserted in the blanks, and the answer to it would make each company its own criterion as to its liability, and that line is: "What amount of loss have you paid during the year on policies in force at the beginning of the year?" That would show the relation which the reinsurance reserve, so called, bears to the losses on the policies in force when the reserve is made, and it is scarcely fair to bring all companies to the same percentage, inasmuch as they will be found in the answers of this question to differ widely in the net results.

If you take the other view of the reinsurance reserve, then it is to be measured by the amount which would be payable to the assured on the cancellation of policies, and that amount would be the proportion for the unexpired time of each policy on the sum actually paid by the assured to the company, or through a broker or agent. If the company receives one hundred cents on the dollar of the premium named in the policy, then it would be called upon to return in that proportion. If the assured has a rebate from the company, or a rebate from the broker, all he could claim would be the proportion of the exact sum which he paid. Now, in making the reinsurance reserve, companies have been in the habit of putting down the whole sum paid by the assured, without deducting any rebate made by broker. Commissions paid to brokers in New York city are large. Ten to 40 per cent. are common rates. It is said that 50 per cent. is sometimes paid; but assuming 20 per cent. as an average, that is used in part by the broker in paying a rebate to the

assured to attract business. Whatever rebate is made, whether by the company or by the broker to the assured, is a proper deduction in cancelling the policy from the amount in premium to be returned.

Again, when a company reinsures its risks in gross on retiring from business, it always gets a handsome rebate of from 15 to 20 per cent., and I have heard of even more in special cases, from the reinsurance reserve, and as all the expenses are marked off when they are made, it seems but right that the companies, in making up their reinsurance reserve, should have the benefit of any rebate they could claim from the assured on the cancellation of the policies, or that they could obtain from the reinsuring company in reinsuring their risks in gross.—*Notman.*

### French Laws.

The French law requiring compensation to be made to neighbors and others for consequential damage by fire is a fruitful source of litigation. One of the recent questions before the courts arose in the following manner: In order to extinguish a fire and prevent its spread to other property in the vicinity, a vineyard was entered by the firemen and considerable damage was done, for which the owner sought compensation. The company insuring the destroyed building repudiated this claim, and was held to be correct in so doing. It has been decided that in such circumstances claims for damages must be made upon the corporation or other body having control over the engines.

A frequent cause of dispute is found in the sections of law relating to lodgers' liability in case of fire. Prior to 1883 the provisions were very unjust but clear. All the tenants were severally and collectively liable for any damage done. In 1883 modifications were introduced limiting each tenant's liability to a proportion of the damage according to the rental value of his apartment.

There are also other complicated provisions, amongst them one freeing a tenant from liability, providing he prove the fire did not originate in his portion of the build-



*Subscribed Capital, - - - \$4,125,000 00*  
*Capital and Gross Assets, - - 4,712,747 00*

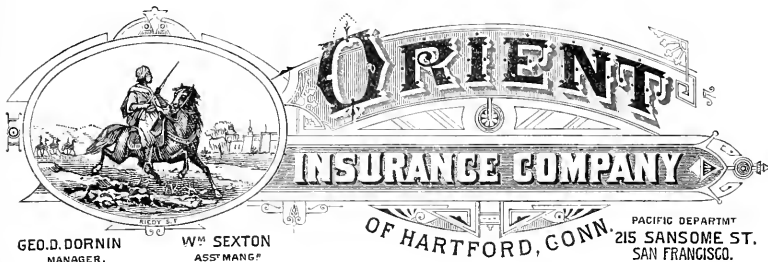
PACIFIC DEPARTMENT FOR

**The States of California, Nevada, Oregon, Colorado, the Territories of  
 Washington, Idaho, Montana, Wyoming, Utah, Arizona,  
 New Mexico, and the Hawaiian Islands.**

GEO. D. DORNIN, Manager.

WM. SEXTON, Assistant Manager.

*215 Sansome Street San Francisco, Cal.*



*Capital, - - - - - \$1,000,000 00*  
*Assets, January 1st 1887, - - 1,604,486 00*

PACIFIC DEPARTMENT FOR

**The States of California, Oregon, Nevada, and the Territories of Washington,  
 Idaho, Utah, Arizona and New Mexico.**

GEO. D. DORNIN, Manager.

WM. SEXTON, Assistant Manager.

*215 Sansome Street, San Francisco, Cal.*



1803

# IMPERIAL

FIRE INSURANCE CO., OF LONDON.

(Instituted 1803.)

*Capital Paid in, - - - - \$3,500,000 00*  
*Assets, January 1st 1887, - - 9,658,479 00*  
*Invested in the United States, 1,620,505 63*

## PACIFIC DEPARTMENT

Having Jurisdiction over the States of California, Oregon, Nevada, Colorado,  
 and the Territories of Washington, Idaho, Montana, Wyoming,  
 Utah, New Mexico and Arizona.

GEO. D. DORNIN, Manager, WM. SEXTON, Assistant Manager.  
 215 Sansome Street, San Francisco, Cal.



# WASHINGTON

FIRE AND MARINE INS CO.

OF BOSTON.

*Capital Paid in, - - - - 1,000,000 00*  
*Assets January 1st, 1887, - - 1,949,467 00*

## PACIFIC DEPARTMENT

Having Jurisdiction over the States of California, Oregon, Nevada, Colorado,  
 and the Territories of Washington, Idaho, Montana, Wyoming,  
 Utah, New Mexico, and Arizona.

GEO. D. DORNIN, Manager. WM. SEXTON, Assistant Manager.  
 215 Sansome Street, San Francisco, Cal.

ing, so that now it is sometimes a matter of considerable difficulty to determine not only who is liable, but also the extent of liability.—*Ex.*

### A French Life Insurance Fraud.

In 1882, a certain Baron Ludwig Wilhelm von Scheurer, of German origin, arrived in Paris with his mistress, Mlle. Julienne von Mecz von Bakfalua, after having abandoned his wife and children in London. They took up their abode with a German who kept a boarding-house. In the same house dwelt Dr. Castelnau, with his daughter. Neighborly relations were not long in being established between Castelnau and Schener on the one hand, and between the two women on the other.

The German baron had, in a few years, made away with his own fortune, and that of his wife's also. The doctor, Count of Castelnau, was in a position just as precarious. Count and Baron exchanged ideas, and sought together the means of making their fortune.

This interesting pair of rogues finally worked out a scheme to defraud life insurance companies. The baron went to London. As he had lived in England for several years, he had been able to make many connections in the business world, and it was easy for him to furnish the references demanded by the English companies. He addressed himself successively to the Life Association of Scotland, the Imperial, the Sun, and to three other companies, and contracted insurance for \$60,000, and paid the premiums therefor. Castelnau had in the meantime bargained with an apothecary for a dying person, for which a further insurance of \$5,000 was secured in London, payable to a brother of the pill-vendor.

While waiting for the dying person to be found, the baron coughed, and hawked, and spit blood, and complained of being consumptive. The invalid was presently found, and installed in a lodging-house as Baron von Scheurer. A month later he died. The postman and another witness went before the Mayor and declared the death of the baron.

The British companies were greatly sur-

prised to learn that so hale a man as the baron had died so soon of consumption, and the case was therefore investigated. All the witnesses testified to the death of the baron, however, and the companies finally paid the beneficiaries of the "deceased" baron.

The baron and his mistress were subsequently recognized in a foreign country, and the suspected crime was again the subject of inquiry. The maid-servant of Dr. Castelnau was arrested, and her confessions led to the arrest of her employer, his son and son-in-law and the apothecary, all of whom are charged with complicity in defrauding the life companies. Castelnau is 73 years old.

### Private Friend's Reference.

One of our friends engaged in life assurance business, says the *Insurance Gazette of Ireland*, has favored us with a sight of a most amusing and curiously filled in private friend's reference form. Although it would be well worth reproduction, yet to do so would entail the loss of more space than we can afford. Writing of the young man who had made the life assurance proposal, the referee states that if he had known him at all it was for "five minutes," and then gravely proceeds, upon the strength of this acquaintance, to pronounce his health "prime," and that he had never shown symptoms of insanity, "nor one of his breed." Described him as "sober looking, hardy as a wild duck," and as belonging to a "vigorous, sturdy people, dwellers in the mountains." Having signed his name to the form, the referee proceeds to describe himself as "the oldest printer in harness in the world, and the editor and proprietor of *The Impartial and Independent Record*." In explanation of the "incongruities of his reply," he proceeds to give his own life and history, deeming that it will be of much greater interest and importance to the company than anything relating to the young proposer could possibly be. The narrative was as follows:

DUNDALK, Feb. 15th, 1886.

THE MANAGER, &C.:

I was born (and reared) in Forkhill, Co. Dundalk, 12th April, 1802, and am now almost 85 years

old—will enter on my 86th year on next 12th April, 1887. Left Forkhill on Waterloo Day, 15th June, 1815, then little over 13 years old, to learn the art of printing, with Mr. Robert Caxton, of Newry—consequently away from Forkhill for nearly 72 years, and is a comparative stranger to Forkhill and the people in it and near to it. My father used my youth and nimbleness to run messages, and he often sent me to Duffy's, in the mountains of Stoneyhill, to say he wanted a horse to do work, &c. Of the class of mountain inhabitants, the Irish then aimed at nothing more than plenty to eat and frieze clothing—cattle were their only wealth. Did any money keep? it was hoarded. *They were of that class.*

Some weeks ago, I happened to be in my shop, reclining on a chair, when a business young man introduced himself to me. I do not know you? inquiringly said I. He told me who he was, and that my brother Patrick, of Forkhill, desired him to call on me; and that he had commenced business in Limavady. That town is on the border of Antrim, and if *he be the young man* of whom you inquire, my replies will be understood. He must be of the third generation from those whom I know. 72 years be a long time—85 longer still. I sometimes visit my friends in Forkhill. Being a stranger in Limavady, it is likely he thought I was the best he could refer you to.—Meantime, &c., &c.,

ROBERT O'BRIEN.

P. S.—Those who know me know that I speak truth, and write it too. My old and esteemed friend Terence O'Shane, grocer, of, I think, Dame Street, will vouch for all I say. Mr. O'Shane is the son of one of the noblest and best men I ever knew.—R. O'B.

### Renewals and Reinsurance.

The following is an extract from a paper by Clement Jarret, read at a recent meeting of the Insurance Institute of Victoria:

In case of removals, I would not allow them by endorsement, which involves as much work as the issue of a new policy. Why should we not in such cases demand new proposals, cancelling the old policies, and crediting a return of premium for unexpired term, less, say, 10 per cent. for the expense. Depend upon it, the obtaining of a new proposal with the usual plan and report would in many cases reveal important features of the new risk of which we now remain in ignorance. Some offices require new proposals on expiry of policies, after such endorsements of removals, but how much better to have them at the time and save the double work. Some difficulty might arise in the case of policies

on goods in public warehouses, but this might be met by the more general adoption of short period policies, now so rapidly falling into disuse.

Experience has shown us, especially recently, the necessity for a radical change in our system of conducting reinsurance or guarantee business. It is very necessary that some such system as that in operation in London should be adopted here. The London Fire Offices Committee's rules define the "foundation" of a guarantee, or as we term it, a reinsurance, to be as follows:

(a.) "Full information as far as possessed by the insuring office as to the nature of the risk on which the guarantee is requested."

(b.) "Full information as to the amount retained or proposed to be retained by the insuring office on the identical property on which the guarantee is requested."

The rules also provide that "the effect of an error or omission on either point, on the liability of the guaranteeing office, is to be a subject of reference to the Court of Arbitrators, from whose decision there is no appeal." Provision is also made for the readjustment of guarantees in event of the insuring offices' risk being reduced. This Court of Arbitrators consists of nine members, appointed by the offices yearly. It will be generally admitted that such a system would go a long way towards promoting a better feeling between offices by removing causes of dispute.

I wonder how many of the reinsurances in force here to-day strictly conform to the above rules. Is it not a fact that many are accepted on a rough copy of the face of the original proposal only, and that the ceding office in some cases seems to consider the guaranteeing office to have no right to the sight of the original proposal or the agent's confidential report? Further, how many reinsurances would bear the warranty that the ceding office shall retain during the whole currency of the reinsurance an equal amount on the identical property covered by the guaranteeing office? Incidentally, it may be asked, what is the use of our issuing to each other an ordinary policy

with its elaborate conditions, when we declare by the special clause that such policy is subject to the terms and conditions of the policy of the ceding office.

The London guarantee document runs as follows:

I hereby undertake on behalf of the ——— Insurance Company to guarantee the ——— Insurance Company (subject to the rules adopted by the tariff offices for the regulation of guaranteeing transactions in fire insurance business in force at the date hereof), to the extent of £—— in part of their risks upon property insured by the said company under their policy. No. ——— for £—— issued to ———, as per copy of policy lodged with this company. The said guarantee is from ———, 188 . to ———, 188 .

Some may contend that to insist upon the ceding office at all times retaining an equal interest on the identical risk covered by the guaranteeing office is impracticable; but English underwriters do not find it so, and why should we? When the question was before the New Zealand Fire Underwriters' Association on one occasion, it was suggested that the difficulty might be met by requiring that all other reinsurances should be declared on guarantee policies; but this would not meet the case of the lapsing of the only policy under which the ceding office had retained an interest.

The clause is usually modified in policies on contents of public stores, and with others the adoption of the London system would render the readjustment of the guarantees, if desired by the guaranteeing office, a comparatively simple matter.

### Compact Laws and Similar Legislation.

The committee to whom the Fire Underwriters' Association of the Northwest referred the subject of "compact laws and similar legislation" made a report at a recent meeting. The position is taken that discriminating laws are unconstitutional and invalid. The national supreme court has declared such legislation unconstitutional, as a rule, and where it has been sustained the laws have been of a local character, involving internal commerce or police and health regulations.

Numerous citations are made, as follows:

In *Ward v. State of Md.* the U. S. S. C. held that a State law imposing a license upon citizens of other States greater than upon her own citizens is unconstitutional.

In *State v. North*, 27 Mo., 469, it was held that a State law requiring merchants dealing in the manufactures of a sister State to take out a license establishes a discrimination and is unconstitutional.

In *Woodruff v. Parham*, 8 Wallace, 123, the U. S. S. C. held that a State law imposing a uniform tax upon its own citizens as well as upon citizens of other States was valid, because there was no attempt to discriminate injuriously against the products of another State.

The committee are of the opinion that the court of final resort would hold a requirement upon any lawful business within any State carried on by citizens or incorporations of another State, when such business carried on by citizens or incorporations of that State is not subject to such requirement, to be unconstitutional, because non-resident citizens or incorporations should not be subjected to any other requirements than resident citizens or incorporations. A power making requirements implies the power of prohibition. "This was the very evil," says the court, in *Brown v. Maryland*, 12 Wheaton, 319, "against which the constitution was intended to guard."

The pertinent question is asked, whether there is any substantial difference between the sale of a policy of insurance and a manufactured article, the purchase of either being optional?

Insurance companies, it is contended, are merely special partnerships, incorporated to carry on the business of selling indemnity; and the laws regulating them should be such laws as will regulate the individual citizen acting in an incorporate capacity. An incorporation has been characterized as "a collection of many individuals, authorized to act as if they were one person." Hence, to learn the rights of the corporation we must learn the rights of the individual members. In *R. R. Co. v. Allerton*, 18 Wallace, 233, the U. S. S. C. held that "private corporations are but associations

of individuals united for some common purpose, and permitted by law to use a common name, and to change its members without a dissolution of the association."

The conclusion is that corporations may demand the same rights and liabilities which the individual members have, and therefore all the rights which other citizens have.

The question is raised whether a State has the right to pass laws describing contracts which shall or shall not be made, and *Godcharles v. Wigemar*, Penn. S. C., is quoted, wherein it was held that a statute which prevents persons from making their own contracts is an infringement of the constitutional rights of citizens of the United States and therefore void. A similar decision was that of *Millet v. People*, Ill. S. C., June, 1886.

For all the foregoing reasons, and for the further reason that judicial authority is conferred upon the insurance department, the committee are of the opinion that the Michigan anti-compact law is invalid, and an appeal to the courts is recommended as the best method of meeting such legislation.

### Co-insurance in Chicago.

The Chicago Fire Underwriters' Association has taken an important step in co-insurance. Four co-insurance clauses for woodworkers have been issued, with instructions that their use is mandatory. The clauses are to be used in insuring planing and saw-mills, wood-box factories, steam carpenter shops, lumber dry kilns, and refrigerator, billiard table, sash door and blind factories and contents, and lumber yards attached thereto. The clause is—

It is a part of the consideration for this policy, and the basis upon which the rate of premium is fixed, that the assured shall maintain insurance on the property described by this policy, to the extent of at least.....per cent. of the actual cash value thereof, and that failing so to do, the assured shall be a co-insurer to the extent of such deficit and to that extent shall bear his, her, or their proportion of any loss.

The percentage of insurance to be maintained varies from 80 to 50 per cent., according to the rate charged. For the published rate it is 80 per cent.; when 70 per

cent. is required, 10 per cent. must be added to the published rate; 20 per cent. and 40 per cent, respectively, must be added when 60 and 50 per cent. insurance is required.

### Dimick's Unsuccessful Appeal.

About a year ago Lorenzo Dimick, a Buffalo marine agent, was convicted of grand larceny and sentenced to five years' imprisonment, with hard labor, in the Auburn penitentiary. There were eleven similar indictments. The New York Court of Appeals last month confirmed the decision of the lower court, and Lorenzo thereupon ran off or rowed off to Canada while the officer in charge was eating an American pie with a knife.

Dimick was formerly the marine agent of the Continental and at the same time was a partner in a general marine agency representing the Thames and Mersey and other companies. His remuneration from the Continental included a large contingent of the profits, while the firm's remuneration from the other companies included a smaller contingent and a larger flat commission. The difference in commissions and contingents constituted a temptation for fraudulent practices.

Dimick's books showed that he had yielded to the temptation. Nearly all the losses were charged to the firm's companies, and the Continental's risks were always fortunate. Dimick's share in the profits of his fortunate company was therefore large, and the firm of which he was the junior partner drew a fat flat commission from their unfortunate companies.

The books were so manipulated by the clever swindler that when a risk became a total or partial loss it was reinsured in the companies which paid the lowest contingent and the highest flat commission. If the vessel sailed into port with little or no damage during the voyage it was always found to have been insured or largely reinsured in the company which paid the highest contingent commission. The senior partner, Mr. Crosby, was not implicated in the swindle, since he had no interest in the success of the Continental.

Suits have been brought by the firm's companies against the Continental for a re-accounting of the Buffalo business of one or more disastrous years when Dimick's swindling operations were specially extensive.

### Notes from the Northwest.

NOWHERE-IN-PARTICULAR, OR., }  
October 20, 1887. }

Editor COAST REVIEW:

Insurance matters on the Northwest Coast are picking up somewhat as the fall months come on, and "officials" are flying hither and yon in their almost frantic efforts to secure desirable risks for the companies they represent. The field, which so short a time ago was favored only semi-occasionally with a San Francisco special, is now assuming so important a future as to warrant many of the companies doing business here in putting specials into the district of the Northwest.

It is gratifying to note also the increased interest taken by village and municipal authorities in taking a deeper interest in public precaution against fire. Water facilities heretofore running to waste are being utilized as protection against fire, and fire departments are being organized and equipped in many new localities as further protection. It usually takes a good conflagration, however, to arouse activity in this line, and we have had several such within the past few months.

The admission into the Pacific Insurance Union of the Columbia, the Northwest and the State of Salem, has had the tendency of making a much better feeling in insurance circles. The companies mentioned are considered much more trustworthy for the action taken, and their business hereafter will undoubtedly be of a more substantial and legitimate character.

The Northwest Fire and Marine has recently increased its capital stock from \$300,000 to \$500,000, which is being rapidly taken up by subscribers. It has also been reorganized, and R. S. Earhart selected as its Secretary and Manager. In this respect the stockholders have shown excellent judgment, as Mr. Earhart is one of the

most successful office men and financiers in this section of the country.

A new fire insurance company has just been organized at Albany, under the name of the Farmers & Merchants Fire Insurance Company, with a capital stock of \$300,000, and the following officers: C. E. Wolverton, President; J. O. Writsman, Vice-President; J. K. Elderkin (formerly Secretary of the Northwest Fire & Marine), Secretary and Manager; J. W. Cusick, Treasurer; D. B. Montieth, Chas. Montieth, Mr. Simpson, R. S. Strahan and J. W. Cowan, Directors. They expect to commence operations on or about December 1, 1887, and will, it is said, confine their business mainly to dwelling and farm risks, and intend coming into the compact at an early day.

No single individual in insurance circles is as much sought after up here as is Manager Du Vall of the Pacific Insurance Union, with headquarters at Portland. Every little town, after the completion of its first brick building or organization of a bucket brigade, fondly imagines itself at once entitled to "special rates," and Du Vall is flooded with peremptory demands to fly thither without delay and establish the same. He manages, however, to stand them off, and at the same time retain the good will of all parties concerned, in a manner peculiarly his own.

Mr. Harrison, of the Dakin Map Publishing Company of your city, has been up here, making new diagrams of important points in eastern Washington and Idaho.

Otho N. Hall, special for the South British & National, is among the agencies of the Northwest, whooping up business and making himself solid with all.

Albert F. Gartner, special for the Phoenix & Home, is in eastern Oregon.

Joe Webber, Jr., is in the Wood River country, representing the Hartford and Commercial, and attending strictly to business.

Theo. H. Allen of the Commercial Union is making friends for himself and his company wherever his genial face presents itself.

A. A. Andre of the South British has

been turned loose in Idaho, and is making things lively in his line.

Dan. W. Kaup of the Home Mutual is rushing through eastern Washington, his auburn hair creating consternation among the owners and occupants of frame ranges.

Frank E. Hodgkin of the London & Lancashire has just returned home from an extended trip through California and Utah.

C. H. Cottle, manager of the State of Salem, is doing the Sound in the interest of his company, C. B. Moores, the genial cashier, superintending affairs in the office meanwhile.

The newly organized Columbia Fire Insurance Company is making a bold strike for business on the Northwest Coast, using every leverage possible to corral lines, and making a special fight on foreign organizations. The latter, however, have as yet suffered no material loss, and will no doubt continue in the field of legitimate fire insurance business in Oregon and the adjacent Territories for many years to come.

A. F. Wheeler, ex-Assistant State Treasurer, has accepted the position as special agent of the Oregon Fire and Marine insurance Company and the London Assurance, and will assume his duties on the first of November. He is well qualified, and will no doubt prove an efficient representative of his company.

Mr. Wheeler is the fourth member of the recently retired State Administration who has gone into the insurance business, the list embracing Messrs. Earhart, Moores, Hodgkin and Wheeler. There must be something attractive in the life of an underwriter.

Edw. Hall, Secretary and Manager of the Oregon Fire and Marine, has been doing the Sound, and contemplates an early trip to the Eastern States in the interest of the company he so ably represents.

W. P. Thomas, Assistant Manager of the South British, has been visiting his agencies in the Northwest and making friends every where.

The South British, having withdrawn from Oregon, has reinsured its risks in the Northwest Fire and Marine of Portland,

which company has also been appointed agents of the Guardian, and are reaching out for business in an enterprising manner.

B. J. Smith, special for the Connecticut Fire Insurance Company, is visiting his agencies in Washington Territory and is making things lively for the boys.

The insurance agencies at Seattle are considerably exercised over their rates in that city, and are strenuously laboring for the adoption by the Union of Rate Book 3, claiming that by reason of the efficiency of their fire and water system they are better entitled to it than some of the places where the rates are granted. The question excites considerable interest, and is one in which they are deeply interested. They claim that the special rates, as supported by Rate Book 4, are higher than they should be, and that outside and non-compact companies are coming in and depriving them, by cutting rates, of much of their legitimate business. They will continue their pleadings, and hope eventually to secure relief from what they consider more or less burdensome rates.

The Assistant Manager of the Pacific Union at Portland has really more than he can attend to, and is consequently overrun with business. Special ratings are called for of course in many places where they are not really merited, but there are instances where even the Union itself is forced to acknowledge that special rates are not only necessary but are actually indispensable, and owing to the rush of business in the office they are ofttimes delayed for months at a time. It is to be hoped that the requirements of the Northwest Coast will very soon receive more consideration at the hands of the powers that control its legitimate insurance business.

SPECIAL CORRESPONDENT.

At age 30 to 35 a man can procure reliable insurance of an old-line company cheaper than the unreliable insurance of the Ancient Order of United Workmen at the same age. If at the end of ten years he withdraws, he can procure a paid up policy or a surrender value from the old-line company and from the hat-passer he can get nothing.

### Premiums and Losses by States.

	Premis.	Losses.	Ratio.
Connecticut.....	\$1,904,110	\$802,581	42
Maine.....	1,092,549	1,188,039	101
Massachusetts.....	5,886,521	2,652,528	45
Rhode Island.....	2,569,089	758,439	30
New Hampshire.....	555,924	280,465	50
Vermont.....	357,587	195,603	55
Delaware.....	196,000	110,000	51
Maryland.....	1,519,742	1,312,387	86
New York.....	8,424,175	9,595,101	51
Pennsylvania.....	7,353,361	4,906,864	67
District Columbia.....	176,500	158,800	90
New Jersey.....	2,424,175	1,017,143	42
Virginia.....	967,465	487,272	50
West Virginia.....	174,000	130,500	75
North Carolina.....	469,658	558,000	119
South Carolina.....	467,800	226,540	48
Georgia.....	1,280,408	500,373	39
Florida.....	274,682	145,594	53
Alabama.....	430,338	281,628	66
Mississippi.....	385,695	215,400	56
Louisiana.....	1,509,400	907,865	61
Texas.....	2,137,797	1,156,180	54
Michigan.....	3,231,578	2,016,498	63
Ohio.....	4,845,575	3,021,266	62
Kentucky.....	1,921,183	1,093,451	57
Tennessee.....	1,081,188	432,139	46
Indiana.....	2,418,962	1,305,887	54
Illinois.....	8,674,236	3,913,400	45
Wisconsin.....	2,802,603	1,363,867	49
Arkansas.....	355,491	243,769	76
Missouri.....	3,868,017	2,101,426	54
Kansas.....	2,875,523	920,460	32
Iowa.....	2,942,236	1,001,657	34
Nebraska.....	1,497,738	475,481	33
Minnesota.....	2,833,048	1,797,923	63
Dakota.....	1,456,050	468,590	32
Wyoming.....	86,675	42,705	46
Colorado.....	812,850	379,919	47
California.....	1,185,772	2,654,371	51
Pacific Coast (Cal. ex.).	1,958,793	992,256	51
Canada.....	4,332,335	3,301,388	67

### Fire Underwriting in Germany.

In Germany a system of co-insurance prevails, whereby risks are written to their full value. Only that amount is paid, in case of loss, which the amount of the insurance bears to the total value. If a man has property valued at \$20,000, and he insures it for \$5,000, if his loss is \$5,000 he is paid only \$1,250, because that is the proportion (one-fourth) of the insurance to the value. The insured is a co-insurer to the extent of three-fourths. So we are told. The result of this co-insurance system is insurance generally equal to the full value, and this enables the companies to carry risks as low as a quarter of one per cent.

Occasionally towns and cities are devastated by fire in Germany, as they are in America, but the construction and materials of the buildings restrict fires to narrow areas, as a rule. The fire departments need not be as efficient, not as well equipped nor as quick in responding to alarms, as in this country, where frames predominate. The character of the buildings, as well as universal full insurance, enables the companies to write at the lowest possible rates, and yet pay handsome dividends.

Buildings in Germany, dwellings, stores and factories, are built of stone and brick, both walls and partitions. Even the stairways are stone or iron, and are usually separated from the apartments by brick walls. Instead of being continuous flights, they are separated by stretches of floorways. Their arrangement and the substantial materials of which they are composed are well fitted to resist the flames and prevent those fierce drafts which in this country contribute so much to the quick destruction of buildings. The uniform heights of buildings in the larger cities, the existence of back stairways generally, and the inflammable materials throughout, facilitate the escape of the inmates, down the stairways or over the roofs of adjoining buildings, so that loss of life is rare. Peat and wood are burned in large stoves made of tiling.

Fire, under these conditions, occurs seldom and makes slow progress. It is usually discovered in time to be extinguished by the lodge-keeper or the department without material damage. The lodge-keeper is the humble merchant or cobbler who occupies the basement free of charge in consideration of his services as watchman or patrolman. If the fire is serious, he leisurely proceeds to the police station and notifies an officer.

There is no telegraph alarm system, with widely distributed boxes, as in this country. Police stations are to be found every few blocks, and the alarm of fire must be transmitted to the central station by a policeman. From the central station a message is telegraphed to the engine

house nearest the fire. The first-comers assume charge, and telegraph for help if they need it. Everything is done leisurely, because there is no pressing need of hurrying.

In Berlin they have no salvage patrol service, but there is a pick and shovel patrol, whose duties are to tear up the streets, break down doors and walls, and to throw sand on malt and oil fires. The fire department is extensive and thoroughly disciplined, but hand-engines are still largely depended on. All the members were formerly soldiers, and as it is the duty of the department to clean the streets, there is, besides the regular force, a large auxiliary of street-sweepers who have been drilled as firemen.

There is no ringing of bells on the discovery of fire, and no shouting to subordinates. The officers are provided with whistles, and there is a code of signals. The superintending officers whistle their orders, at a fire, and the subalterns give these orders to the men under their direction. It is a pretty sight to see the corps going to a fire at night, in uniform and bearing aloft torches of flaming pitch.

### Fire Escapes.

A new law in New York requires hotel and lodging-house keepers to provide every sleeping room with rope fire escapes sufficiently long to reach the ground. A similar law was passed by the Missouri legislature after the burning of the Southern Hotel many years ago, but we are under the impression that the law became a dead letter. In certain directions, under the inspiration of the hotel keepers who have to buy so much rope, the New York law is ridiculed, on the ground that the ropes will be shortened by thieving guests, and that in case of fire the few guests who are able to descend a rope may find themselves far short of the ground and in danger of roasting.

No sufficient objection to the law has yet been offered. The hotel proprietors may easily detect any cutting of the ropes, and thus measurably prevent it; and if the

ropes are cut, the guest might as well be roasted at the end of a rope as in the fifth story. It is true that an escape by the aid of a rope will be difficult for all and impossible for some; but the rope fire escape is greatly better than no fire escape; and until the condemnors of the new law can offer a better substitute it should stand and be enforced with every due penalty. Human life is too valuable to be imperilled unnecessarily, and it would be especially humiliating if such a life protecting law, imperfect as a rope fire escape certainly is, should fail of enforcement or be repealed because of the greed of influential landlords.

It is a reflection upon our boasted Yankee ingenuity that a simple and effective fire escape has not yet been invented. There are patent ladders, and great ladder trucks by which some of the highest windows may be reached; but the desideratum—that's a good mouthful of a word—is a simple device by which men and women and children may escape from a burning building at a moment's warning—some "escape" accessible from windows or halls. Small iron-chain ladders, on a windlass beneath the cornice, and operated from the ground, might not be as unsightly or impracticable as it seems at first thought; but ladders of any kind are about as unsuitable and objectionable as ropes. What is wanted, next to a fire-proof building, is a safe descent to the ground by sliding. Hotels and factories should be required to have a sort of covered fire-proof toboggan-slide, accessible from every hallway and floor, and opening upon the street at a safe elevation. Into this slide the fleeing guests or operatives could cast themselves, with every assurance of an easy and safe descent to the street.

Iron balconies, in series from the top floor to within fifteen feet of the ground, with drop-ladder bottoms, easily detached, would overcome the objection to ladders on the score of unsightliness; while in the rear, out of sight, winding iron stairways, accessible through doorways in the wall, would afford safe exit to many. The balcony-escapes need be opposite only every hallway, and they would be a popular feature in any hotel during warm weather.

The more the COAST REVIEW applies its massive intellect to the consideration of this problem of a fire escape, the simpler the problem becomes.

### Masonic Mutual Aid Association of the Pacific Coast.

Inquiries as to the standing of this so-called Masonic co-operative come to us. It should have no standing, being without any element of stability; and the mere fact that any one should ask for information of a life insurance enterprise which offers no evidence of assets nor discharged obligations is to us a surprising fact.

This San Francisco hat-passer gives prima facie evidence of its untrustworthy character—of the dishonesty which coils about its roots—in its name, in assuming to be what it is not. It pretends to be a Masonic enterprise, and under the mask of the eminent respectability of the Masonic order the managers are hiding their personal interests and the irresponsibility of their scheme.

To descend to "painful details": The "Masonic" Mutual Aid Association of the Pacific Coast is a private enterprise. The Masonic order has no connection with the association, and had naught to do with its inception. Anybody, Mason or not, can become a member of the association upon passing a lax examination and paying the admission fee. We say a loose examination, because it is known that men have been accepted after their rejection by the regular life companies.

The membership is small—perhaps three or four hundred. An assessment would yield a very little sum. The association cannot furnish life insurance; it can merely distribute small sums to beneficiaries and support the officers. This system of relief is expensive, unreliable, and always disappointing, and will not commend itself to good business men.

This "Masonic" hat-passer advertises an annex—a "widows' and orphans' home." If that "home" ever materializes, the "orphans" will be the managers, with a proprietary interest. The widows' and orphans' home, if seriously undertaken by

this petty enterprise, would be a proper subject for ridicule. The association has no authority, Masonic or legal, for such a "home," and offers no safeguards for the care or investment of funds for that purpose. The percentage of the receipts to be reserved for the "home" must be small, and the yearly contributions to such a fund a nominal sum. If the "home" scheme is honestly undertaken and faithfully carried out, all the widows and orphans of this generation will long since have been in their graves when the corner stone is laid.

The widows' and orphans' home feature savors strongly of dishonesty. It is merely an extra inducement to the unthinking, and is offered with no other design. If extra money, in excess of assessments and other payments, is paid to this masquerading concern for an orphans' home, the managers only will be the gainers thereby. It was so in the case of the Texas Mutual Self-endowment hat-passer, from which swindle the idea of a widows' and orphans' home attachment apparently has been borrowed.

To sum the matter up, the Masonic Mutual Aid Association of the Pacific Coast has no standing, and the reputation of the management is not of a superlative character. Anything further would require us to be disagreeably personal.

The fact that such a business and irresponsible speculation should be allowed to masquerade as a Masonic enterprise, or one under Masonic auspices, is a severe reflection upon the order. The opponents of such secret orders have no more hurtful weapon in their armory than the fact that Masonry is thus abused without active protest from the order. The tacit endorsement of such schemes, as implied by the silent consent to the use of the term Masonic, carries with it a share in the responsibility for the deception practiced and for the ensuing failures. The enemies of Masonry may well cite such cases, and ask: Of what avail are its benevolent principles if they permit such dishonesty for some paltry consideration—for the profits of the managers or the relief of the lodges from their support if impecunious?

### The A. O. U. W.

The total membership of the Ancient Order of United Workmen on January 1, 1887, was 176,111. The net increase was 18,948. As long as the order can maintain this percentage of increase it may survive, but this growth must cease when all the new territory is exhausted. In the older jurisdictions there is a decline which is prophetic of the decline and failure of the order at large.

The statistics prepared by the order show that with increasing age the average age and death rate also increase, and such an increase is fatal to any hope of prolonged duration. Notwithstanding the extraordinary growth of the order since 1879 the average assessments have advanced, and the average death rate has risen from 7.51 to 8.94 per thousand. If the death rate rises so steadily while the order is growing, to what light will it not go when growth stops? The average age of the members has also advanced three years since 1879.

The average death rate of the order, per 1,000, in several States for the past eight years has been 14.83 in Ohio, 17.73 in Kentucky, 13.34 in Indiana, 13.96 in Tennessee, 12.24 in Georgia, Alabama and Mississippi, and 12.18 in Texas. Last year, compared with 1879, the death rate had increased in fifteen out of twenty-two jurisdictions. The highest, 21.02, was that of Kentucky in 1883. The highest average for the eight years was 17.73 for Kentucky. The Texas death rate advanced from 7.49 in 1882 to 17.76 in 1886, California from 7.01 in 1831 to 10.98 in 1886. All the older jurisdictions show similar gains in the death rates. The lesson to be drawn from these figures is that with additional age the death rate will become too burdensome to be borne. There is no escape from this conclusion. Disastrous failure certainly awaits the order.

The Supreme Recorder sees the handwriting on the wall, and referring to increasing competition from similar enterprises, says: "It behooves us therefore to watch well the future, and if possible be more zealous and active."

We quote the following pertinent remarks of the Grand Recorder of Ohio:

The principal drawback is encountered in our high rate of assessments; true, we can assure the people of a maximum rate, but that is now reached by us, and even if such was not the case, it is annually in danger of being not reduced but increased.

A thorough understanding of the situation in the small but enterprising jurisdictions, which, under more favorable conditions, could and would grow and gradually become self-sustaining, can lead to but one conclusion, and that is, that help must come from those most favorably situated.

Suppose we cannot improve our condition, will the calls become less frequent or less burdensome? No. They will increase both in frequency and amount the older we become. You have one remedy, that of increasing our maximum under the relief law. What then? Our members will become more and more discouraged, their number will grow smaller year by year. The old, the sick, the decrepit, will compose the remnants. *What is our lot to-day may become yours in later years.*

The Iowa Grand Recorder regards as evils threatening the life of the order the absence of a fraternal spirit and the taking in of unfit persons from over-anxiety to gain a rapid growth.

The Kentucky Grand Recorder gives this bit of history:

Under the strain of twenty-eight assessments in 1878 our membership decreased 998, and after that came the judgment. April 1, 1879, notice of nine deaths and as many assessments was issued, followed by five assessments May 1. The only redeeming feature in all this is that the bad risks are in the graveyards.

Thirty-six assessments per annum in 1888 will drive out of our ranks well nigh all of our members less than 50 years of age, and the death rate will increase.

The Tennessee Grand Recorder wants the supreme lodge to establish a uniform annual rate not to exceed \$24 per year. The California jurisdiction is willing.

The situation is so desperate in Texas that a special tax of \$2.00 per capita was levied for the purpose of building up the order, and \$20.00 is offered to "any brother" who presents five applications in one month, and \$3.00 for each additional application; and \$20.00 is offered for seven applications during three months.

The Committee on Good of the Order reported at the recent meeting of the supreme lodge that—

Our investigations have developed the fact that all the jurisdictions covered are making some efforts and are spending some of their own funds in

their endeavors to add members to their ranks. Just what the difficulties are which retard their progress is not clear to our minds, but the fact is patent to all that the results thus far attained are far from what they should be, in our opinion, and very different from what they have been in other jurisdictions,

The old story of imprudent admissions at the early organization of the order in these jurisdictions is hardly consistent with the fact that about ten years or more have elapsed since the laws of our order called for as great care in these as in other jurisdictions. If our laws have been complied with in later years the ratio of membership should be equalized by this time, for risks of any kind so taken would have died off within that time, or they must have been of a better class than we have been led to believe them to be, if they are still upon our rolls.

All the foregoing quotations and figures testify to the frailty of the order, and the increasing embarrassments which will finally overwhelm it.

### Not a Fraternal Society.

That there is nothing fraternal about the Ancient Order of United Workmen is a self-evident proposition. Men join the order, not that they may cultivate charity and distribute relief judiciously, but they join to get cheap "insurance." Who ever heard of the Workmen relieving anybody—any widow, any orphan, who had no legal claim on them. The Grand Master says the order is treated by the members as an "insurance company." One lodge had not met for nearly a year, another had had no regalia for two years, and another, declining to hold "fraternal" meetings, said they "joined only as a matter of business."

The holding of regular meetings, the observance of a ritual, the display of regalia, and the hob-nobbing at picnics, do not make a fraternal society. If there is no charity, no spirit of self-sacrifice, no generous superiority to mere legal obligations, there is no fraternity and none of the adhesiveness in trouble which characterizes fraternity. The Order of Mutual Companions and the United Friends of the Pacific, alleged fraternal societies, boasted of their fraternal character, but in the first day of serious trouble the fraternal obligations were ignored, the members seceded by lodges, and both orders went to pieces.

The Ancient Order of United Workmen will dissolve as certainly and as quickly whenever the touchstone of trouble is applied. There is no genuine fraternal spirit in the order. The members of the more unfortunate jurisdictions, in Ohio and Kentucky, deplore the absence of the fraternal spirit. And the widow of Majors, who was hanged in Alameda county, and the widow of W. L. Lucky in this city, know that the fraternal pretensions of the order are a mockery, a snare and a delusion. These unfortunate women had equitable claims, but not legal claims, against the order, but they never received a dollar from the uncharitable, unfraternal A. O. U. W.

In the case of Carrie Lucky versus the order, Judge Reardon of the Superior Court of San Francisco, while finding for the defendant on purely technical grounds, vainly recommended the plaintiff to "the charitable and equitable consideration of the order." Not a cent did this fraternal, widow-protecting, orphan-supporting humbug of a canting hat-passer ever give to Mrs. Lucky. But they had \$250 to give to Mr. Barnes, the editor of the hat-passing insurance department of the *Examiner*, for his services.

The pretence that the A. O. U. W., or the Knights or Legion of Honor is a fraternal society is without any foundation in fact; and whoever thinks that the alleged fraternal feature will add any strength to one of these orders will be as greatly disappointed as were the members of the defunct United Friends of the Pacific.

### The Creditor Won Again.

The beneficiary was a creditor to the amount of \$700, about half of which was for premiums. He had no other insurable interest in the life of the assured. The proceeds of the \$3,000 policy were paid to the creditor. The administrator of deceased sued the beneficiary for the recovery of the insurance money, less the debt. The lower court decided for the administrator, but the Supreme Court of Pennsylvania reversed the decision.

It was held: "It may be that a policy taken out by a creditor on the life of his

debtor ought to be limited to the amount of the debt with interest. This view, however, has never yet been adopted by this court in any adjudicated case, nor do we feel compelled to define the disproportion now in view of the particular facts of the case in hand." The court thinks it was not a wagering contract, because the disproportion between the debt and the amount realized was small. Probably the difference was a trifle, as the insurance society was a hat-passer; but the principle that the creditor may receive any excess over the debt makes the contract a wagering one.

We should like to ask the court if the creditor could reasonably ask for more than the original loan, with interest, premiums, and expenses of collection. The creditor having been amply compensated, it is a pity that the vision of the court was so restricted that no way could be seen, in behalf of justice and public policy, to distribute the remainder of the insurance money among other creditors or the natural beneficiaries of the deceased.

Several similar decisions have been made lately. It is time that plain statutes were enacted to protect the family as well as the creditor, and to prevent the insurable interest of the latter from becoming an incentive to murder.

We are glad to be able to add that the Texas Supreme Court has just affirmed the decision of a lower court whereby the creditor was allowed only the indebtedness of the deceased, although the policy had been assigned to him, as in the Pennsylvania case.

### No Cheap Life Insurance.

All this talk about the need of cheap life insurance for the poor man is nonsense. Every man whose life is worth insuring can afford a policy in a legitimate company. There is no such thing as cheap life insurance nor high life insurance. It costs practically the same in every legitimate company and in every generation. There must be so much of an aggregate accumulation, less interest, to pay the policy at the end of the life expectation, and so much, besides, as may be necessary to pay the

proportion of the deficit of deceased fellow members. Out of the interest earnings the expenses must be paid. There may be economy of management and skillful investment of assets, but the cost of life insurance will always remain substantially the same.

Any association or hat-passer which undertakes to insure at a less rate than that of the old-time companies is undertaking the impossible. It does not insure; it merely collects, or passes the hat; and the fact that some of the earlier claims may be paid in full does not disprove the statement that the hat-passer does not insure. That is not insurance which has no guarantee in rates nor reserve of the ability to discharge an obligation. Its misleading certificate is a foolish promise. The payment of any claim in full by a hat-passer is the result of fortunate and exceptional circumstances.

The "cheap life insurance" which workmen are said to wish does not and cannot exist. The co-operative substitute is merely term insurance, not life insurance, and is uncertain insurance at that. Reliable term insurance can be procured of the old-line companies at less rate.

There is such a thing, compared with life insurance, as cheap term insurance; but there can not be such a thing as cheap term insurance, in the sense that it is cheap in one company and high in another. The rates for both term and life insurance are determined, not by competition, but by the average mortality, which varies little from generation to generation. The mere offer of "cheap insurance" is evidence, and should be sufficient evidence, of rascality back of the offer.

An eminent Stockholm physician makes the startling statement that the infants dying under one year of age in the United States average 50 per cent. of the number born, while in Europe the death rate of infants under one year of age is 25 per cent. of all deaths. He attributes this high death rate in America to the fact that "the European defective classes, whose natality and infantile death rates are enormous," are forcibly exported in great numbers to this country.

### An Alleged Superstition.

Is there anything in this stuff about the superstition of women as to life insurance? We meet with some reference to it at somewhat regular intervals. When the editor has nothing to say on the subject himself he rakes up that old paragraph of Edmund About's, and starts it on its long journey.

The question is gravely argued, whether life insurance will cause a man to "turn up his toes," and women are deliberately charged with believing such nonsensical nonsense. Bosh! No woman whose husband's life is worth insuring believes it. The subject is naturally distasteful to women, because it brings thoughts of death; while mistaken notions of propriety, or feelings of delicacy, may restrain them from urging life insurance. Women are not only not superstitious about life insurance, but they are the best allies of the solicitor.

What a foolish thing it would be to suppose that the insurance of a man's life in some mysterious way invited death. If it were so, the companies could not survive a year; but they live forever and pay all their contracts, because nearly every man who is insured lives his allotted time. Life insurance promotes health by diminishing care; it enables the policyholder to outlive his expectation. To say that women have a superstitious abhorrence of life insurance is to say that women are fools.

### Verdict Against the *Ætna* Life.

Action was recently brought in the Superior Court in this city, in Judge Finn's department, by G. L. Curtis against the *Ætna* Life Insurance Co., to recover \$10,000 on a policy issued in 1874 on the life of A. W. Tucker, of Woodland. At that time Tucker was indebted to the mother of plaintiff for money loaned, and she was also his surety on a mortgage. The debt, all told, was \$8,000. To secure herself from loss, Mrs. Curtis had Tucker insure his life for \$10,000, payable to her, she to pay all premiums. This was agreed to by the company's agent, who subsequently collected the premiums of Mrs. Curtis. Tucker died in 1881, at which time the original

debt and premiums and interest exceeded the amount of the policy.

Payment was refused by the company on the ground of misrepresentation as to the nature of Tucker's employment, the application stating that he was a farm-hand and laborer, whereas he was a saloon-keeper; but this was shown by plaintiff to be incorrect. The defendant further claimed that there was a misunderstanding of the terms under which Tucker was insured, but the agent, Mrs. Laura de Force Gordon, testified that all the particulars were related to her by Mrs. Curtis, and were included in the blank which she (the agent) had filled and forwarded to the company.

The plaintiff had received the policy from his mother by assignment in consideration of \$11,000. The defendant contended that the plaintiff, having no interest in the life of Tucker, could not take an assignment from his mother, even if she was indebted to him. The jury were instructed that such was not the law.

After an absence of only fifteen minutes the jury returned a verdict for the plaintiff, finding the *Ætna* Life liable to the amount of \$15,033, and that the payment of the claim would not "corrupt good morals," nor "excite the cupidity of ignorant persons."

The Pacific Mutual Life runs on two wheels, doing both a life and accident business. The track over which it runs embraces nearly all the States between the Pacific and Atlantic coasts, where a good, safe business is to be secured. Within the past two years it has greatly enlarged its circuit, and its business is rapidly increasing both in its life and accident departments. It enjoys all the advantages to be derived from first-class investments and high rates of interest, while offering many attractions in the forms of its policy contracts.—*Rough Notes* (Indianapolis).

The New York city premiums for the first six months of the year were \$3,455,187, an increase of about \$100,000. The business was about equally divided between city and non-city companies.

### LIFE NOTES.

Some men put off life insurance because they dread the examination. They fancy some disorder and fear a rejection. The other day a business man said, If your examiner rejects me I shall be very uneasy hereafter. Usually such a man is a first-class risk, and after being accepted his health will improve; he will no longer brood over symptoms. But even if he were rejected it does not follow that he will not live the patriarchal threescore and ten. The longevity of half-sick people, of "impaired lives," has become so conspicuous that it is proposed to make a specialty of insuring that class of lives. Whether these feeble people prolong their lives by extra care, or whether the accepted theories and signs of longevity are wrong, is not material; the fact is that many rejected risks outlive the best of the accepted.

Other men put off making an application or flatly decline to make one, because they imagine the medical examiner strips them, and hammers their chests, and asks them unpleasant or indelicate questions. The solicitor should intimate to the new applicant that the medical examination is simple and unobjectionable.

If life insurance were universal there would be no old maids and widows would not wear weeds long. With a policy on his life every young man would have the nerve to marry, and with the insurance money in her pocket every widow would be besieged by suitors. Come to think of the matter in this light life insurance is even a better thing than we thought: it is matrimonial insurance. Girls, get the boys to insure their lives, and you will hear something pop.

The safety and possibility of life insurance lie in the fact that most men live their expected period. The great value, the necessity of life insurance, lies in the fact that some men, none know whom, will die before the expiration of their "allotted time"—some within a few years, and others within a year or month.

If the women's righters would spend a little of their time in cultivating among their sisters a knowledge of and a demand for life insurance, they would accomplish something. It is a woman's right that her husband's life should be insured, and she should know that right and demand it on her wedding morning. A policy in the hand of every woman would be of vastly more worth than the ballot.

Every man who can afford two square meals a day and one decent suit of clothes can afford to insure his life. The "I can't afford it" should never discourage the life solicitor. Every man who is likely to be approached on the subject can afford a life policy.

The membership of the A. O. U. W. in California is said to be 1 to every 48 of the population. The order can never hope to increase this proportion of membership. It is the largest in the Union, and is the result of much canvassing and little competition. The average membership in Ohio, where there is much competition, is 1 to 708 of population.

It is claimed that the fraternal insurance societies are really fraternal in their character, and therefore more enduring than the business co-operative. Did any one ever hear of a fraternal society having fraternity enough to pay an illegal though equitable claim?

The approach of the holiday season will remind the solicitor that the best Christmas present on earth is a life policy in his particular company. From now until December 25 is the best season in the year for effective life work. "Craps" are harvested, money is circulating more freely, business men are encouraged, the approach of the holidays makes men more genial and liberal, and the cooler weather will brace the solicitor to more earnest and thoughtful endeavor.

If a man does not live in the present—in the living hour and day—he is defrauded of his birthright. The past is a dead thing which shadows the future. But if the man

can put care aside at will, and can spend his earnings freely without fear of want, he may rejoice in the present, ignore the past, and hope for the future. Life is certainly an unhappy affair to him who makes a miserable past and future by living miserably in the present. The moral of this sermonette is that a life insurance policy will enable a man to capitalize all the savings of a lifetime, and this will warrant him in spending his surplus earnings in all the rational pleasures of the present. He needn't entertain visions of the poor-house nor of a starving, charity-seeking widow and children. He needn't contract his soul by "skimping" and penurious spending. He may spend his little surplus as royally as a prince, and feel as a man should feel—independent.

The Bankers & Merchants of this city, and the Mutual Reserve Fund Life of New York, resisted 25 per cent. of their death claims during the past year. The average resisted claims of the regular life companies is less than one per cent. annually.

### CHESTNUTS.

A workman in Germany claimed that his left eye had been blinded by an accident, though it showed no traces of injury. The accident company employed experts, who agreed that nothing was the matter with the eye. At the trial of the workman's case some words were written in green on a blackboard, and the plaintiff was directed to put on a pair of spectacles, handed him by an officer, and to read the words. The right glass was red, the left, white. The workman, suspecting nothing, read the words, and was at once nonsuited. It was only through the left glass, covering the "blind" eye, that the words could be read. The red glass for the right eye turned the green letters black, and they were therefore invisible on a black board.

In Great Britain time tables are sold, in pamphlet form, the cover of which is a ticket or policy covering £50 to £100 insurance, on any railway, for the person having the pamphlet in his possession. This species of insurance is backed by a

regular company in the accident business. The proportion of the injured to the total traveling by rail is so very small that even at the cost of a cent or two there is a profit. The plan is popular, and tradesmen have found it out; placards offering policies of various sums as gratuities with the purchase of low-priced watches and other goods are displayed at the railway stations.

The following table, prepared by C. C. Hine of the *Monitor*, shows the estimated property valuations in the United States for the past ten years, with the losses by fire and the percentage of loss to value year by year:

Year.	Property Valuation.	Losses by Fire.	Per-centage.
1877.....	\$39,827,407,247	\$68,265,800	0.1714
1878.....	39,289,403,710	64,315,900	0.1637
1879.....	39,884,496,914	77,703,700	0.1950
1880.....	43,642,000,000	74,643,400	0.1710
1881.....	40,479,223,084	81,280,900	0.2008
1882.....	42,229,378,186	84,505,024	0.2001
1883.....	45,917,029,909	100,149,228	0.2181
1884.....	51,646,331,558	110,008,611	0.2130
1885.....	55,215,030,883	102,818,796	0.1862
1886.....	60,740,323,437	104,924,750	0.1728
	\$458,870,624,948	\$868,616,109	0.1895

The new Georgia law requires \$25,000 deposit of fire and marine companies, reckons the reinsurance reserve at 50 per cent., imposes a 4 per cent valuation on life policies, provides for retaliatory fees, forbids graveyard insurance, limits the capital of surety companies to \$250,000 or more.

The following table of percentages of fire premium income of the English offices is from a compilation by the *Finance Chronicle* of London:

Year.	Premium.	Expenses.	Trading Profit.	Interest
1881.....	62.23	30.47	3.50	9.69
1882.....	67.88	30.34	1.78	8.22
1883.....	63.55	30.33	6.10	12.83
1884.....	65.33	30.35	4.37	9.78
1885.....	60.41	30.39	9.20	7.98
1886.....	59.46	31.80	8.74	8.62

The Glasgow authorities have resolved that all the theaters in that city shall have hydrants on every floor and on the stage, stone staircases on each side of the flies, iron doors separating stage from dressing rooms, a fire-proof curtain, and exit directions.

Few people nowadays would consider a canon of the Church a sufficient reason for allowing their dwellings to be burnt down, but among the Hebrews the custom prevails. Two instances occurred in White-chapel last week, on the Sabbath, a portion of the observance of which is abstaining from handling or otherwise dealing with fire. In each of these cases a fire broke out, and the proprietors, being consistent, took no steps to extinguish the flames, but watched their progress, and called on their Christian neighbors for help, which they, being fortunately unfettered by religious obligations, were able to render.—*London Ins. World.*

“Honor” marine policies, issued by individual underwriters in Great Britain, lead to much overinsurance. The Royal Commission recommends a heroic measure. Honor policies are to be void and to be prohibited by law. If honor policies are taken out all the ordinary legitimate policies are to be void also. The amount to be recovered under all policies is to be 97 per cent.

Thirty-one incendiaries were recently convicted in Russia of complicity in thirteen cases of arson. The object of the prisoners was to defraud the insurance companies.

Some English policies cover from date to date, both dates inclusive, making 366 days the annual policy.

Four annual theater fires and forty-two deaths therefrom has been the average for the past 135 years. Keep away from theaters; all the world's a stage.

The decline in fire insurance stocks in the East indicates high loss ratios in the coming annual reports.

The Mutual Reserve Fund offers old-line agents 75 per cent of the admission fee and first annual dues. *Insurance* characterizes the offer as “a flag of distress.”

Insurance stocks in the New York market are down since the failure of the compact.

## ITEMS.

Policies on the life of S. W. Morrison, of Des Moines, Ia., who was accidentally killed last Spring, have been paid by the old-line companies; but the United States Mutual Accident, the Mutual Reserve Fund, the Knights of Honor and other hat-passers have not yet paid.

The *Spectator* of New York prints three assessment company's advertisements, including that of an Indiana “murder mill.” Hence, good Lord and good Devil treatment of the subject.

The New York fire patrol cost \$92,858.67 for the year ending April 30.

Foreign and other State companies have lost \$400,840 on the Georgia business during the past six years. Anti-compact legislation may be expected.

Marine rates in Hamburg are said to have decreased from 39.16 in 1814 to 0.97 in 1886; but “them war gruesome times” in '14.

The impaired physique of the English towns-people was recently discussed by the British Association.

Wm. B. Cornell, a Chicago underwriter who recently died, is highly eulogized by a committee of which Thomas Chard, G. F. Bissell and others were members.

The Hamburg-Bremen has retired from Great Britain, where it did a guarantee or reinsurance business.

French marine companies give six and twelve months' credit.

Thatched buildings in Ireland are insured at one per cent., and fires are numerous.

One insurance department, according to the *Weekly Underwriter*, will turn in \$100,000 to the State treasury this year. The insured pay the bill.

The Lincoln of Nebraska, an undergrinder, lasted less than a year.

The Massachusetts law requires triennial examinations.

The Southern Phenix Ins. Co. of Savannah is the latest.

David Lawrie, the new general manager of the Fire Insurance Association of London, is visiting this country.

Russia has its first accident company. The Czar has applied for a policy.

Wm. C. Bennett has become associated with Chas. Tredick in a general insurance agency in Philadelphia.

Newspaper reporters in Ireland cannot secure accident insurance.

Dancing-masters are long-lived.

The New Hampshire legislature has refused to admit the Mutual Reserve Fund.

The London *Review* of October 5th prints an insurance directory of Great Britain.

The burning of the Baltic mills at Baltic, Conn., last month, cost the insurance companies about half a million. The building was a four-story stone.

The Medical Aid and Co-operative Co. has been incorporated in New York. It proposes to furnish medical attendance and medicines.

Richard D. Alliger, late U. S. manager of the Imperial, is to take charge of the American Exchange Fire of New York.

It is complained that by the appointment of numerous suburban agents many companies in Boston are evading the fifteen per cent. city brokerage rule.

English life offices are taking kindly to the monthly collection system on small policies.

Spain has three life offices, and Russia has four.

Swiss accident companies issue a special policy insuring soldiers during military maneuvers.

The *Insurance Age* of New York has been discontinued.

The Missouri Insurance Department has petitioned for a writ to bring the A. O. U. W. under department supervision, on the ground that the order is not a fraternal organization, but an assessment insurance company.

An English company is forming, with \$500,000 capital, with the object of promoting a bill in Parliament "providing for the compulsory application of cyanite to all theaters or private dwellings." The projectors must be visionary.

The charter of the Equitable Indemnity Company has been bought by the stockholders of the Aetna Life Insurance Company. It is stated that the object of the purchase is to furnish an accident insurance annex to the Aetna.

## COMMENT.

The reported embarrassment of the Phoenix has strengthened the natural reluctance to accept a Jumbo policy from any one company. The average large property holder would rather distribute his risk among a number of companies than permit one company, however strong, to carry the risk alone. He thinks it easier to collect \$50,000 from ten companies, with less chance of litigation, than from one company. One or more of the ten might embarrass him, but the solitary company with the Jumbo policy might ruin him.

There are thirty-five foreign fire offices in the United States, of which twenty-one are from the United Kingdom of Great Britain and Ireland, and five are from her colonies. Only one American fire office is represented in all Europe, and that solitary representative has a branch in London only. Some day when the conditions of successful business are more nearly equal, the American fire offices will doubtless spread their agencies abroad, as the American life companies are doing.

There are nine continental European fire offices in this country. Seven are from Germany, one from Sweden, and one from Switzerland.

Eight foreign marine companies are represented in New York city, and thirty-five in San Francisco. Altogether only fifteen marine companies do business in New York city, and thirty-nine in San Francisco, besides the home fire companies.

Shades of Baron Munchausen! Here is a story of "pump" snakes in Dakota—reptiles with a rubber-like hose running from mouth to tail, through which, when joined together in numbers, they pump water from a creek or river to their burrows. The beautiful creatures herd like wild horses, and crawl about after a leader. They are easily domesticated, and have been found especially serviceable to farmers in drawing water from creeks or distant wells. Some twenty of these intelligent but strange animals recently saved a farmer's house by pumping water through their bodies and

throwing it forcibly upon the flames. There is but one greater surprise possible, which is, to see some foreign papers print the story and comment upon it as a true one.

"What kind of business rules govern insurance, anyway?" inquired a New York merchant of a broker. "This year I am getting policies at half the rate I paid last year. Either I paid a great deal too much then, or I am paying too little now. The losses are about the same, I am told; now, with premiums half as much and the losses fully as much, where does the profit come in? Where is the security to me? I suppose the companies know what they are doing, but it looks like a gambling venture, with somebody out—perhaps the policyholder as well as the stockholder. For the present, therefore, I want you to write me only in the biggest companies."

The new Georgia law fences out foreign co-operatives. Home talent should be encouraged, even if another penitentiary has to be built.

The oldest hand fire engine in the United States is said to be one at Salem, N. C. It was made in 1784, and was shipped to America in 1785. The "engine" is merely a small pine box lined with copper, and is supported on legs and carried with the aid of two pairs of handles. A wooden lever is attached to a pump in the center. The water, which was poured into the box, was delivered through a short inch-pipe and turnable nozzle. A three-eighths inch stream can be thrown fifty feet. The present generation is supposed to be far in advance of every preceding generation, but there is hardly a village in the United States that has not to-day poorer fire protective facilities than the village which owned this antique hand-engine a century ago.

The Royaume wildcat, all the way from Brussels, reached Washington too late to get into this year's Year-Book among respectable companies.

The Liverpool Mortgage Insurance Co. is a new undertaking. Such a company ought to make money in this country.

There are 171 fire offices represented in New York city, and of these, 22 are foreign, 66 are New York and 83 are from other States. There are 17 more foreign fire offices in San Francisco than in New York.

The impairment of the Phenix of Brooklyn has all been made solid, and the company is sounder than ever. The vacancy caused by the resignation of Vice-President Crowell has not yet been filled.

There is a likely lad, aged 104, in England. He stands straight as an arrow, is not bald, and of course reads without spectacles. An American co-operative solicitor is after him.

Insurance is doing excellent work in exposing the Old Peoples' Mutual Benefit Society of Elkhart, Indiana. That graveyard hat-passer is probably doing a large business, for it is endorsed and advertised by the *Spectator*, the M. R. F. L. organ, a Boston journal, and the Minnesota Insurance Department. We are not surprised that the assessment journals should uphold the swindle, but its written approval by the Minnesota Commissioner, and its tacit endorsement by the Minnesota Governor, is a disgrace to the State, and makes us unwell of all politicians.

### Printers' Blunders.

The mistakes made by compositors are never amusing to the editor, however much the reader may be entertained by their blunders. Compositors differ in their capacity and methods, as other men do. Some will "follow copy" strictly, putting in every fly-period and omitting every letter, preposition and conjunction omitted by a hasty writer; others, if not checked by a machine proof-reader, will exercise a little common sense; but the average compositor sets type mechanically, with his eagle eyes and roaming nose in the boxes, and his lofty mind contemplating a free lunch. We know the tribe. It takes two proof-readers, a foreman and the devil to keep them straight, and even then some provoking or ludicrous error always appears in print. ~~It was only a month or~~

so ago that we wrote, referring to the new Colorado law: "The Great Western Mutual of Denver can never pay any minimum sum it must specify in order to transact business." The intelligent compositor stuck a semi-colon after "minimum sum." The elision of "that" affected his artistic ear unpleasantly, and the semi-colon probably preserved the rhythm, although at the expense of the sense, which was a minor matter. If he "followed" a double fly-speck, it is fortunate for him that the fly did not light on his forehead, else it would have fractured his skull.

We have taken a mean advantage of the "comp" who puts this article in type, and we shall make some amends for our rudeness, by adding that few manuscripts are legible, and fewer are paragraphed, punctuated, and correctly spelled. The worst sinners against orthography and syntax are "statesmen," congressmen and legislators, and only a little less guilty are lawyers and school-teachers, who underscore without judgment and with a frequency of emphasis which is prompted by conceit.

If the average politician's "greatest effort of his life," or the lawyer's brief or the school-teachers' essay were put in type as written, it would everlastingly damn the politician, discredit the lawyer, and cover the school-teacher with confusion. But the compositor preserves their reputation by spelling correctly, paragraphing with judgment, punctuating sense into their manuscript, capitalizing properly and constructing sentences and correcting bad grammar. The compositor, or printer, is not so black as he has been painted.

### Fire Brigades in Large Cities.

The exquisite organization of the Berlin Fire Brigade has been fully recognized by experts from other countries, and the Berlin establishment has become an example to other cities. Berlin has the strongest brigade in the world, it numbering 850 men. Paris follows with 825. London has only 600 men, and Hamburg has nearly as many, there being 552. New York has 520. Surprisingly small is that of Vienna, which numbers 290, only seventy stronger than

the brigade at Bremen. Amsterdam has 200, Brussels 160, and Antwerp 120 on the staff of their respective brigades.

New York has the greatest expense connected with its brigade, which costs £250,000. Berlin pays only £60,000, Vienna £25,000, London £50,000, Paris £45,000, and Hamburg £25,000. Calculated per head of the inhabitants, Hamburg has the highest rate of about 1s. 5d. per head; Bremen follows with 1s. 4d., and Berlin with 1s. 2½d.; while in London the cost per head is only about 3½d., and in Vienna 8½d. *German Paper.*

### Tontine Policyholder Entitled to an Accounting.

The Massachusetts Supreme Court recently rendered a decision regarding the right of a tontine policyholder to compel an accounting. We quote as follows from this important decision:

That the accounts are singularly complicated, and that the method by which the value of the share of the plaintiff which he has obtained by full payment of his premiums and completion of his tontine period is ascertained, is one of much complexity and difficulty in its application, appears from the evidence. A court of equity is the appropriate tribunal for dealing with such an account, and the defendant is fairly bound to produce an account from the data in its possession, which shall show that it has complied in its promise equitably to apportion to the plaintiff his share in the accumulations made through the operations of the tontine provision in his policy.

Nor do we perceive that it is necessary to join any more of this class of policyholders in the bill, or that the bill should be brought on their behalf. It appears by the answer of the defendant, and also by the evidence, that all of the policyholders of the class to which the plaintiff belonged, have been settled with and received the amount apportioned to them by the defendant corporation, but even if it did not, the plaintiff made his individual contract with the defendant; if others have similar contracts depending on similar states of facts, they in no way affect him; he has no demand

upon any one other than the defendant; and nothing that he will receive from the defendant will in any way affect the claims of others.

It is contended that the apportionment of the reserve or accumulated profit to be made at the conclusion of the tontine dividend period is but the declaration of a dividend, and that the court will not interfere with the declaration of a dividend even by a domestic corporation, is being a question solely for its directors or other proper officers whether any shall be made; if so, how much; and that until this is made, no stockholder has any right in any profits that have been made or assets that might be divided. Conceding that to be the general law, the amount to be apportioned, or which the plaintiff is entitled to have apportioned, is not a dividend in the limited sense in which the word is used in its application on the dividends to stockholders. Between stockholders and the corporation of which they were members, no relation of debtor or creditor ordinarily exists, nor does any arise until a dividend has been declared. The affairs of the corporation are managed by them, or those whom they elect as officers, and by this administration of affairs they are bound. The plaintiff is not a member of the corporation, but its creditor who has contracted with it. At the end of a fixed period, having complied with the contract on his own behalf and made the payments required, he is entitled to have apportioned to him his share of a certain computed fund. The defendant has no right to withhold it as a corporation may withhold a dividend from a stockholder. This share, or its equivalent in value, is the plaintiff's own property and not that of the defendant corporation. Nor is it important that the sum to be computed as belonging to a class, and for which the apportionment to the plaintiff's policy is to be made, is constituted partially of dividends which, but for the tontine contract, would have been previously paid upon the policy. It may be that the amount of a dividend annually or at other stated intervals distributed to policyholders could absolutely be determined by the offi-

cers of the corporation. If this is so, the plaintiff could still have the right to an account, and to ascertain whether the dividends reserved under his contract were proportionately the same as those declared on other life insurance policies, having relation to their different circumstances, or at least to ascertain what were the amounts reserved as dividends to be passed to the credit of the fund when it should be computed, if it had no actual existence.

There is no question of internal economy involved as when the relation between the corporation and its members are concerned. If it has adopted any method of conducting its business inconsistent with the true performance of its contract, such a method of administration will not deprive the plaintiff of any rights. It can no more refuse an account than could an individual to whom the plaintiff entrusted his money under any similar contract. In dealing with the plaintiff the corporation deals with an outside party, and only the relation which it bears to such party claiming to be its creditor is here involved.

### The Question of Expenses.

From Mr. Hines' paper "Concerning Commissions" we make the following extract :

Twenty-two years ago the New York insurance department began to call for itemized accounts of the American companies' expenses, and since that time has published the separate amounts of commissions, salaries, taxes, and miscellaneous paid out. The foreign companies, being agencies, have not been required to give these details. A tabulated statement of these four items for twenty-two years, with the percentage of each on premium, shows that commissions in American companies have increased from 11.23 in 1865 to 17.51 in 1886; salaries have decreased from 8.11 to 7.90 in the same period; taxes have fallen from 6.02 to 2.66, and miscellaneous expenses have risen from 6.83 to 8.10, not nearly half as much as the taxes have fallen off. Just what proportion of each belongs to fire and what to marine cannot be stated; the losses are separated in the

official tabulation of expenditures, but dividends and expenses are not. This imparts a certain amount of obscurity to the exhibit, but not enough to rob it of its value for our present purposes. We all—at least all we older men—know that in 1865 fifteen per cent. was generally paid.

If then, the 11.23 of the 1865 report, which included marine, meant fifteen for fire, the 17.51 of 1886 means 23.39. I am aware that 23.39 per cent. of the fire-premiums last year is a greater sum than that reported on both fire and marine, just as fifteen per cent. on the fire-premiums of 1865 would exceed the total commissions reported; but that fact will, I fancy, have no great weight in the minds of practical insurance men against the assumption that the commissions now paid for fire-business reach an average of twenty-three to twenty-four per cent. Many of the inquisitions of the department have always been regarded by the companies as impertinences, and there is a great variety of opinion in regard to the proper manner in which the business of companies whose methods vary, should be adjusted to the uniform queries of the annual blank, and when we see, as we have recently seen in a single company, and apparently without any criminal intent, but because of peculiar business methods, the concealment of a half million dollars of the liability, we will have no difficulty in realizing that honest differences of opinion among a hundred and forty companies (not one of which wants to tell all it is asked to) may result in a good many hundred thousand dollars of apparent discrepancy in the aggregation of a multitude of items whose gross sum exceeds eleven millions; so that, while precision of statement is not possible, I think you will justify me in my premises and agree that 23.39 is not too high a figure at which to state the average commission and brokerage now paid for fire-business.

About one-half the total business of the English companies in this country is American.

Universal life insurance would banish poverty.

### Redwood.

Here in California, especially in San Francisco, we boast of the value of redwood lumber for building purposes. It burns slowly—merely chars, in fact—under ordinary conditions; but, despite that fact, the flames wipe out redwood towns and reduce redwood forests to ashes about as quickly and as often on this side of the Rockies as pine cities and pine forests on the other side. How shall we reconcile the facts with our favorite theory of the un-inflammable character of redwood?

The housewife and the cook know that a fire in the stove cannot be started with redwood kindling; but the insurance companies know that in the interior of the State at least they pay a good many losses because of the burning of this same “un-inflammable” wood. Kansas towns are built of inflammable pine, and are exposed to the strongest winds, but the insurance losses in that State, which is more populous, bear about the same relation to the amount at risk as in California. This being so, what would our losses be if our towns were built of pine instead of redwood? California towns burn at so great a ratio, doubtless, because of the long dry summers, and because of a scarcity of water, and the almost entire absence of any efficient fire protection. Redwood is the salvation, not the advantage, of California; and in a less dry climate, with redwood buildings, the fire loss would be very light.

The average San Franciscan is content with his fire department, and confident that the combination of redwood and a moist climate will always prevent any great conflagration. Chicago and Boston and other cities may burn down, but San Francisco never! We fear his easy confidence will some day be rudely shaken by the disappearance of several redwooden blocks in flames and smoke, despite a pretty efficient though boss ridden fire department.

If stone and brick will actually melt in a fierce heat, like that of the Chicago fire, what confidence can be reposed in redwood if subjected to a similar heat? The heat of the kitchen fire, in which our favorite building material chars, would be merely a

Turkish bath heat in comparison. If redwood forests in the Shasta and Santa Cruz mountains will burn furiously, as they have during the past month, redwood houses will burn every bit as furiously, even in foggy San Francisco, if a fire ever gets a good start in a sweeping "norther" or ocean breeze.

San Francisco must maintain its fire department up to the present standard, and improve it as the city grows.

### Forest Fires.

During the past month or so destructive forest fires have occurred in various sections of the State, notably in Sonoma, Shasta, Santa Cruz and San Luis Obispo counties. Farmers and stockmen have suffered seriously, and several small settlements were greatly damaged. Whole mountain sides have been denuded of their stately tree coverings, and many square acres of valuable timber has been destroyed. In some localities the hamlets and towns were saved from the fury of the flames only by the almost superhuman exertions of the entire population.

The view of the mountain fires is described as grand. The mountains were billowy clouds of smoke by day and pillars of fire by night, and down their rugged sides and cañons the wild animals raced for life with rolling boulders dislodged by the burning underbrush. It is related that at the foot of one hill, after the fire, a great heap of blackened, broken stones were found, and in the heap and strewn about were the remains of numerous small animals, crushed into shapelessness. Whoever has rolled stones down a mountain side knows that the fearful velocity attained would shatter them to fragments if heated, and crush every living thing in their pathway.

It is a fortunate thing that the property and insurance losses were no heavier. Much of the timber thus destroyed has a present value, more of it a prospective value, but the only losses reported are those of personal property. Perhaps the losses to the State or the common wealth, caused by the destruction of these forests will ag-

gregate a half million dollars—a sum sufficiently large, and a loss sufficiently certain, to warrant the enactment of strict laws and penalties regulating hunters, campers, and camp-fires. To prevent the destruction of these forests, which is a loss to the present as well as to a future generation, extreme legislation would be justifiable.

### A Sample.

We are surprised to learn that the expenses of the New York Life Insurance Co. last year were \$2,862,679.44. The *Watchman*, the organ of the A. O. U. W. on this Coast, says so. If the organ is right, we are ready to join it in denouncing such extravagant expenditures. Nearly three billion dollars "for the expenses of doing business last year" presents this great life company under a very bilious aspect. The sum thus recklessly expended to pay "princely salaries" and "royal commissions" to officers and agents would comfortably support seven or eight million families. It is a billion dollars more than our national debt. The 100,000 policyholders of the company have our sympathies, for we find, supposing the *Watchman* to be right, that they pay, besides the cost of their insurance, nearly \$30,000 a year each, a sum which must inconvenience them somewhat.

The blunder of the *Watchman* is a fair specimen of the inaccuracies and falsehoods which characterize the treatment of the old line companies by the co-operative journals and writers. The expenses of the New York Life last year, including all taxes, were \$3,182,977.32, or less than the interest income. You see there is no resemblance between the official and the co-operative's figures. The editor, not the compositor, was responsible for this gross mistake, which we refer to merely to show that the co-operative advocates draw upon their imagination for facts and figures, when they do not pervert them.

The new theater at Rotterdam, Holland, though built on approved principles, is insured at 10 per cent. premium.

## British Life Insurance.

### EIGHTY-TWO BRITISH COMPANIES.

Total life and annuity funds.....	£148,140,575
Increase in funds in 1886.....	3,785,664
Number of policies issued in year....	80,495
New sum assured.....	30,640,090
New premiums.....	1,069,999
Life premium income.....	12,725,020
Commission and expenses.....	1,769,025
Average cost per cent.....	13.90

### THREE AMERICAN COMPANIES.

Total life and annuity funds.....	53,137,584
Increase in year.....	4,597,266
Life premium income.....	8,993,034
Commission and expenses.....	1,844,308
Average cost per cent.....	20.50

### TEN INDUSTRIAL COMPANIES.

Total funds.....	5,534,879
Increase in 1886.....	995,582
Life premium income.....	3,922,374
Commission and expenses.....	1,666,767
Average cost per cent.....	42.49

### SEVEN COLLECTING FRIENDLY SOCIETIES.

Total funds.....	1,892,997
Increase in 1886.....	123,581
Total collections.....	1,006,104
Commission and expenses.....	465,750
Average cost per cent.....	46.29

—Bourne's Handy Assurance Directory.

## Storage of Crude Petroleum.

Several iron works and other factories have petitioned the city authorities for permission to erect tanks for the storage of crude petroleum for fuel purposes. The insurance companies have filed a protest against granting such a privilege, on the ground that the storage of the petroleum in the city will endanger all the surrounding property or the entire city. The recent big iron-works fire was caused by an explosion of crude petroleum in the engine room. Action has been postponed by the authorities until suitable legislation can be passed.

The use of crude petroleum is becoming so general that a strong influence will be introduced to secure permission for its storage under as easy conditions as possible. The underwriters may not be able to prevent it—probably will not seriously undertake to prevent it, if we may judge from their tacit approval of the unlawful storage of crude petroleum—but it would be wise to impose the strictest conditions under

which it may be stored and used, and secure the law's aid to enforce those conditions of safety, with severe penalties for any violation of the ordinance.

## FIRES.

The fires, as reported to the COAST REVIEW, were as follows for the first ten months of the past three years:

	1885.	1886.	1887.
January.....	\$ 155,218	\$ 106,924	\$ 114,800
February.....	131,626	94,497	62,765
March.....	159,551	122,611	162,960
April.....	136,542	382,879	100,299
May.....	192,321	244,420	235,735
June.....	228,681	557,990	189,309
July.....	242,331	341,337	398,456
August.....	194,202	821,741	331,296
September.....	214,616	192,760	272,902
October.....	630,638	160,264	292,591
Totals.....	\$2,285,726	\$3,025,423	\$2,161,113

### California.

October 7, Los Angeles, carriage stored and frame stable:	
Ins. Co. of North America.....	\$500
Liverpool & London & Globe.....	200
October 7, Sacramento, frame dwelling:	
London, Northern & Queen.....	\$640
October 6, Sacramento, machinery:	
Western.....	\$1,137
October 7, Sacramento, dwelling:	
Firemans Fund.....	\$432
October 15, Nevada county, two quartz mills:	
Southern California.....	\$1,200
October —, Sacramento, dwelling and barn:	
German-American.....	\$250
September 29, Visalia, contents of frame dwelling:	
Liverpool & London & Globe.....	\$115
October 7, Amador, hay and barn:	
Firemans Fund.....	\$709
October 20, Los Angeles county, barn:	
Hartford.....	\$1,000
October 6, Sacramento, household furniture:	
State Investment.....	\$410
October 2, Amador county, frame dwelling:	
Liverpool & London & Globe.....	\$400
October 5, Fort Bragg, general fire:	
Firemans Fund.....	\$524
Pennsylvania.....	2,949
Home Mutual.....	420
Royal, Norwich Union and Lancashire....	1,830
October 11, Oakland, barn and contents:	
Southern California.....	\$770
Northern.....	381
October 30, San Jose, flouring mill:	
North British & Mercantile.....	\$890
German-American.....	270
October —, San Gabriel, frame school house:	
Ins. Co. of North America.....	\$1,200

**California.**

October 9, Santa Cruz county, frame dwelling:	
Guardian.....	\$300
October 4, Oakland, hay-press:	
Commercial Union.....	\$300
October 2, Oakland, feed store:	
London, Northern & Queen.....	\$385
October 19, San Jose, tank house and barn:	
Imperial.....	\$700
October 15, Santa Cruz county, dwelling:	
American Central.....	\$100
October 7, Orland, frame dwelling:	
Commercial Union.....	\$2,300
October 9, Oakland, hay and horses and frame building:	
Phenix, Brooklyn.....	\$360
American.....	350
Pennsylvania.....	450
October 9, Oakland, frame building and saloon:	
State Investment.....	\$450
Ætna.....	250
October 9, Oakland, brick building and stock:	
South British.....	841
October 8, Marshalls, Marin county, store:	
Southern California.....	\$1,000
Sun, San Francisco.....	1,000
Oakland Home.....	1,000
October 7, Amador county, frame barn:	
Liverpool & London & Globe.....	\$500
October 9, Oakland, wood and coal:	
German-American.....	\$517
October 9, Oakland, barn:	
Guardian.....	\$1,350
October 7, Sacramento, foundry:	
Sun.....	\$1,145
Franklin.....	860
October 10, Stockton, brick building:	
North British.....	\$235
October 23, Marysville, barn and contents:	
Oakland Home.....	\$1,200
Traders.....	600
October 28, Los Angeles, frame depot and merchandise:	
Southern California.....	\$3,500
Oakland Home.....	3,000
Connecticut.....	1,500
New Zealand.....	1,500
Michigan.....	1,000
Sun, San Francisco.....	2,000
London, Northern & Queen.....	3,000
United Fire Reinsurance.....	2,000
Home Mutual.....	2,000
Hartford.....	2,000
Prussian National.....	1,000
Pacific.....	2,000
Home & Phenix.....	2,000
Traders.....	1,000
Total.....	\$27 500
October 1, Marysville, frame dwelling:	
Commercial Union.....	\$1,300
October 11, Los Angeles, household furniture:	
North-German.....	\$162

October 7, Los Angeles, feed store:	
North-German.....	\$2,000
October 6, Marysville, dwellings and furniture:	
Hartford.....	\$115
Commercial Union.....	1,500
London & Provincial.....	187
Connecticut.....	180
Insurance Co. of North America.....	462
American Central.....	1,300
Imperial.....	1,000
Total.....	\$4,744
October 20, Santa Cruz county, frame barn:	
Phenix, Brooklyn.....	\$400
October 1, Sacramento county, hay-press:	
Caledonian.....	\$325
October —, Stockton, brick building:	
Three companies.....	\$200
October 8, Ukiah, dwelling:	
Sun.....	\$2,000
October 31, Travers, general fires:	
Sun Mutual.....	\$1,000
Southern.....	1,000
North British & Mercantile.....	2,000
German-American.....	2,000
Michigan.....	500
Hartford.....	750
Williamsburg City.....	1,610
Boston Underwriters.....	2,075
Sun.....	1,200
Lion.....	1,000
State Investment.....	463
Orient.....	600
Washington.....	600
Commercial Union.....	1,000
London, Northern & Queen.....	3,400
Union, S. F.....	1,063
Ætna.....	1,300
American, N. J.....	788
London & Lancashire.....	1,164
Total.....	\$23,513
October 7, San Bernardino, frame dwelling:	
Liverpool & London & Globe.....	\$100
October 12, Hanford, frame dwelling:	
State Investment.....	\$500
October 24, Willows, general fire:	
Oakland Home.....	\$500
Atlas.....	106
Continental.....	500
Firemens, New Jersey.....	500
Oregon.....	625
Teutonia.....	1,000
Hartford.....	500
Traders.....	250
Svea.....	100
American, Philadelphia.....	200
Phenix, Brooklyn.....	300
Scottish Union & National.....	300
California.....	1,000
Manchester.....	750
Ætna.....	1,100
Total.....	\$7,731

**California.**

October 6, near Travers, frame building and contents:	
State Investment.....	\$1,240
October 10, Chico, general fire:	
Sun, San Francisco.....	\$800
Howard.....	600
State Investment.....	700
Dakota.....	650
Fire Insurance Association.....	607
October —, Chico, barn:	
North German.....	\$1,500
Prussian National.....	2,000
Anglo-Nevada.....	2,500
Several Companies.....	1,000
Total.....	7,500
October —, Calico:	
New York Underwriters.....	\$736
October 12, Lodi, general fire:	
Southern California.....	\$800
Firemans Fund.....	1,087
Hartford.....	268
Lion.....	1,000
Sun, San Francisco.....	500
Oregon.....	200
State Investment.....	1,060
Pennsylvania.....	411
Phenix, Brooklyn.....	2,450
Home & Phenix.....	575
Fire Insurance Association, London.....	1,550
California.....	1,500
Union, New Zealand.....	500
Amazon.....	250
Anglo-Nevada.....	617
Etna.....	536
Caledonia.....	770
London & Lancashire.....	637
Manchester.....	637
Total.....	\$15,288
October 14, Butte county, frame dwelling:	
Phenix.....	\$505
October 13, Amador county, frame dwelling and barn:	
Liverpool & London & Globe.....	\$390
October 28, Oakland, building:	
Connecticut.....	\$750
October 27, Fresno, grain in warehouse:	
Hartford.....	\$1,000
Firemans Fund.....	1,300
Oakland Home.....	386
Anglo-Nevada.....	1,000
Etna.....	2,200
Total.....	5,886
October 21, near Turlock, farm property:	
State Investment.....	\$525
October 8, San Benito county, frame mill (water power):	
Liverpool & London & Globe.....	\$2,796
October 12, Sonoma county, fences:	
Insurance Company of North America.....	\$123
Caledonian.....	500

October 13, Nevada City, frame dwelling:	
Scottish Union & National.....	\$300
October 18, Fresno, dwelling, and furniture:	
Imperial.....	\$300
London and Lancashire.....	600
October 9, Vallejo, general fire:	
North British & Mercantile.....	\$270
Liverpool & London & Globe.....	4,267
Royal, Norwich Union & Lancashire.....	750
Phenix, Brooklyn.....	328
Total.....	\$5,615
October 21, Los Angeles county, near Pasadena, wearing apparel, harness, etc.:	
Insurance Company of North America.....	\$2,000
Liverpool & London & Globe.....	1,365
October 23, Marysville, frame hotel building:	
Liverpool & London & Globe.....	\$125
October 20, Tulare, harvester:	
Anglo-Nevada.....	\$450
October 17, Lodi, frame barn:	
Firemans Fund.....	\$350
October 22, Tuolumne, school-house:	
State Investment.....	\$400
October 7, Los Angeles, office fixtures:	
New Zealand.....	\$175
September 19, Marysville, brick building:	
Commercial.....	\$1,135
August 29, Tuolumne, frame dwelling:	
Commercial.....	\$300
September 30, Eureka, whisky in barrels:	
Union, New Zealand.....	\$1,481
October 17, Folsom, building:	
Fire Insurance Association, London.....	\$312
October 18, Pleasant Grove, frame dwelling and contents:	
State Investment.....	\$800
October 6, Anaheim, dwelling and contents:	
Home & Phenix.....	\$500
September 26, Tulare, growing grain:	
New Zealand.....	\$500
October 9, Los Angeles, barn:	
Phenix, Brooklyn.....	\$200
October 30, Stockton, boarding-house:	
American Central.....	\$1,000
Amazon.....	1,000
October 7, Folsom, brick building:	
State Investment.....	\$700
October 10, Napa county, frame stable and contents:	
California.....	\$1,028
October 31, Butte county, granary:	
Anglo-Nevada.....	\$2,500
October 22, San Diego, frame dwelling and contents:	
Home & Phenix.....	\$4,400
October 12, Napa county, dwelling, stable and contents:	
California.....	\$132
October 29, Oakland, household furniture:	
Caledonian.....	\$223
October 4, Placer County, frame barn and contents:	
Caledonian.....	\$1,085

**California.**

October 17, Woodland, frame dwelling and contents:

Ætna .....\$2 440

October 28, Redding, frame dwelling:

London and Lancashire.....\$1,000

October 7, Sacramento, general fire:

Ætna .....\$ 238

Union, S. F..... 3,094

October 8, Napa County, frame dwelling:

South British .....\$200

Small unreported losses..... 14,250

Total California, S. F. excepted....\$192,345

October 19, San Francisco, frame foundry and contents:

National of Ireland..... \$1,000

Pacific..... 800

Atlas ..... 1,200

American Central..... 1,000

Guardian..... 2,000

Niagara..... 1,000

London and Lancashire..... 800

Hamburg-Bremen ..... 1,000

North British ..... 300

City of London ..... 1,200

Hamburg-Magdeburg..... 4,400

Germania..... 2,000

Phoenix, London..... 119

Orient ..... 1,200

Sun Fire, London..... 800

Oakland Home..... 800

St. Paul..... 800

Home Mutual..... 2,400

Firemens, Baltimore ..... 100

Union, New Zealand..... 800

Security..... 1,200

Concordia ..... 800

Lion..... 1,200

Commercial..... 1,200

Imperial..... 1,348

Home & Phoenix ..... 150

Fire Ins. Association, London..... 1,600

Providence-Washington ..... 800

Phoenix, Brooklyn..... 1,200

American, Phila..... 1,200

Washington..... 1,200

Oakland Home..... 1,200

Total.....\$36,617

October 8, San Francisco, contents of saloon:

Svea.....\$130

October 20, San Francisco, household furniture:

State Investment.....\$750

October 20, San Francisco, building:

Hamburg-Bremen.....\$225

October 5, San Francisco, frame and brick buildings:

Commercial Union.....\$540

October —, San Francisco, dwelling:

British America.....\$1,000

October 30, San Francisco, household furniture:

Phoenix, London .....\$176

October 10, San Francisco, brick and frame building:

Commercial Union.....\$400

October 15, San Francisco, frame dwelling:

Guardian.....\$237

October 30, San Francisco, frame dwelling:

Agricultural.....\$200

October 27, San Francisco, merchandise in brick:

St. Paul.....\$382

Firemens, Newark..... 124

Continental..... 124

October 11, San Francisco, frame dwelling:

Liverpool & London & Globe.....\$360

October 27, San Francisco:

Phoenix, London.....\$1,000

Western..... 1,000

October 30, San Francisco, dwelling:

Hamburg-Bremen..... \$642

October 15, San Francisco, tinware:

Penn .....\$214

October 27, San Francisco, piano factory:

London & Provincial.....\$1,000

October 30, San Francisco, frame building:

Commercial Union.....\$400

October 14, San Francisco, machinery and wire stock:

North German.....\$1,300

October 9, San Francisco, brick building:

Hartford .....\$150

October 30, San Francisco, dwellings:

London, Northern & Queen.....\$1,000

October 15, San Francisco, stock of furniture:

State Investment.....\$1,000

October 14, San Francisco, stock and tools:

California .....\$150

October 8, San Francisco, building:

Connecticut.....\$640

October 20, San Francisco, frame dwelling:

Anglo-Nevada.....\$450

October 22, San Francisco, brick building:

State Investment.....\$475

October 30, San Francisco, furniture and fixtures:

California.....\$232

October 5, San Francisco:

Southern California.....\$250

October 16, San Francisco, household furniture:

Phoenix, London.....\$275

October 11, San Francisco, frame building:

Springfield .....\$1,000

October 27, San Francisco, fur factory:

State of Pennsylvania.....\$298

October 20, San Francisco, furniture and wearing apparel:

South British.....\$2,500

October 12, San Francisco, brick building:

Union, S. F.....\$585

October 20, San Francisco, frame building and stock:

Commercial Union.....\$2,000

Small unreported losses..... 4,600

Total San Francisco.....\$62,336

Total California.....254,681

**Utah.**

October 3, Salt Lake, cigars stock:	
Phoenix, London.....	\$154
Etna.....	108

**Nevada.**

October 5, Douglas county, barn:	
Guardian.....	\$1,000
Phenix, Brooklyn.....	700
October 16, Reno, gas company's shed:	
Hartford.....	\$100

**Montana.**

October 5, Miles City, barn:	
Commercial Union.....	\$500
October 11, Billings, dwelling:	
Imperial.....	\$1,800
Lion.....	1,000
October —, Whitman county, frame barn:	
Phenix, Brooklyn.....	\$1,500

**Washington.**

October 23, Walla Walla, frame dwelling:	
Lion.....	\$800
October 1, near Spokane Falls, frame dwelling:	
Royal, Norwich Union and Lancashire...	\$1,160

**Oregon.**

October 10, Portland, frame dwelling:	
Guardian.....	\$275
October 24, Portland, frame dwellings:	
Firemans Fund.....	\$1,200
October 27, Portland, general fire:	
American, Phila.....	\$500
German-American.....	500
North British & Mercantile.....	1,000
Hartford.....	1,000
Royal, Norwich Union & Lancashire.....	4,700
Sun Fire, London.....	1,000
Commercial Union.....	500
Imperial.....	900
State Investment.....	1,100
Lion.....	1,446
Home & Phoenix.....	4,338
Washington.....	1,446
Orient.....	1,446
Total.....	\$19,866
October 15, Junction, barn:	
Home Mutual.....	\$250
October 22, Big Butte Precinct, planer:	
London and Lancashire.....	\$150
October 11, Benton county, merchandise:	
Imperial.....	\$1,500
Lion.....	500
October 20, Medford, saw-mill:	
American, Phila.....	\$400
October 12, Portland, merchandise:	
California.....	\$2,000
September 13, Portland, mill:	
Union, N. Z.....	\$955
Small unreported losses.....	2,250
Total Oregon.....	\$29,346

**Idaho.**

October —, Lewiston, store building:	
Anglo-Nevada.....	\$1,000
Grand total.....	\$291,491

**LOCAL PARAGRAPHS.****Books, Etc.**

Bourne's Handy Assurance Directory, 1887-8; Wm. Bourne, Liverpool; J. B. Lippincott Company, Philadelphia; price, one shilling and sixpence. A valuable directory of English life and fire and miscellaneous offices, directors, managers, officers, actuaries, funds, income, share lists, interest tables, institutes, societies, etc. Just the book for Americans having dealings with British offices, and an indispensable work for British underwriters.

Aids to Memory, or the Key to Success: for the use of life agents; George Lyon, 21 Nicolson street, Edinburgh. A list of vocations, intended to suggest the names of "likely assurers," with blank spaces for remarks, names, etc. In the list we find such unfamiliar names as quarrier, mole-catcher, manure agent, publican, grazier, game-keeper, factor, draper, stamp officer, and tallow chandler.

**A New Explosive.**

An explosion on Montgomery street was reported one day last month, but investigation disclosed the fact that Mr. Badlam of the Bankers & Merchants had just read the October COAST REVIEW.

**A San Francisco Judge's Instructions.**

In the case of *Dennis v. Union Mutual Life*, for the recovery of \$2,500 on the life of a suicide, the brother of plaintiff, the jury returned a verdict against the company. The defense offered was the clause in the policy voiding it if insured committed suicide, sane or insane. The case will be appealed. Superior Court Judge Finn said to the jury: "It is admitted that the deceased came to his death by his own hand, and it is for you to determine whether this was the result of his intention to compass his own death, which would be suicide, or whether it was the result of an accident. If you find that at the time he fired the fatal shot Dennis was conscious of his act and of its physical consequences, he committed suicide, and the company is absolved from responsibility. But if you find that his death was the result of accident, the plaintiff is entitled to a verdict. If Dennis

took his life while unconscious of what he did and of the effect of his action, whether sane or insane, his death was the result of accident, and the policy must be paid."

#### Applies to California.

*Insurance* says: We would like to suggest to the makers and circulators of rumor and gossip and scandal that their work is of rather a low order; that, prating so much of "demoralization," they are augmenting instead of checking it; and, in short, that if one has in him a story of bad faith or evil practice or dishonorable conduct, and he thinks it ought to be let out, he ought to be man enough to tell it plainly so that there can be no doubt of the identity of the person or company against whom or which the accusation lies. Then there is a chance to get at the truth, to measure and weigh it. Our own strong conviction is that more than fifty per cent. of the "something wrong" in the insurance business is due to the rumor of something wrong. Slip off the belts in your innuendo-factories, gentlemen, and the stock of visible wickedness will shrink amazingly.

#### New Offices of the Commercial Union.

At the southwest corner of California and Battery, "environed" by a dozen large plate-glass windows, are the new offices of the Commercial Union and Manager Mullins. Handsome chandeliers in the air above, an ornamental flag pavement below, and a princely array of finely finished *commercial* desks and counters round about, present themselves attractively to the eye as an elegant "underwritery" not excelled anywhere. The new office of the Commercial Union is certainly well-lighted, tastefully furnished, conveniently arranged and centrally located.

#### Anglo-Nevada Official Changes.

At a recent meeting of the board of directors of the Anglo-Nevada Assurance Corporation, Louis Sloss, of Louis Sloss & Co., and the Alaska Commercial Co., was elected President, *vice* Geo. L. Brander resigned. Secretary Chas. P. Farnfield was elected Vice President, *vice* J. F. Bigelow, also resigned, and Z. P. Clark, formerly Inspector for the Commercial Union, was

elected Secretary. Messrs. C. S. Neal and C. P. Farnfield succeed Messrs. J. Rosenfeld and G. L. Brander in the Directory. The COAST REVIEW congratulates Vice-President Farnfield and Secretary Clark upon their promotion.

#### Astoria Water Supply.

The line of eight-inch iron pipe laid 600 feet south from the river, for fire purposes, with valves and connections complete, has been found entirely satisfactory. This, it is said, solves the problem of the water supply for the Astoria Fire Department. Four minutes after the arrival of the engines two streams were thrown, and after the engines had stopped the pipe was found full of water, all ready for immediate use had a fire broken out. This is believed to be the first pipe line of the kind in the State or on the coast. An extension of the line to other streets will furnish an efficient water supply for the southern part of the city.

#### Coast A. O. U. W. Death Rates.

The average deaths per thousand of the A. O. U. W. in the Pacific Coast jurisdictions since 1879, have been as follows:

	California.	Or.-W.	Nev.-M.
1879.....	7.40	1.77	
1880.....	8.10	6.55	1.00
1881.....	7.01	5.85	1.69
1882.....	9.05	8.41	7.64
1883.....	8.17	6.08	9.27
1884.....	8.48	7.23	8.51
1885.....	9.41	10.82	9.41
1886.....	10.98	8.31	10.99
Average.....	8.57	6.87	7.91

The reader will observe the significant increase in the yearly death rate. It portends trouble.

#### Obituary.

John M. Thompson, formerly of San Francisco, died in Santa Barbara on the 21st ult., of typhoid pneumonia. A number of our local underwriters attended the obsequies in Oakland, and six members of the Fire Underwriters' Association served as pall-bearers.

Mr. Thomson was a first-class adjuster and field man, and had been associated with several agencies in this city. For a time he was the compact manager at Denver, and

only recently withdrew from the service of Messrs. Butler & Haldan to engage in a town site enterprise near Santa Barbara.

Capt. S. P. Wells, who had been in the service of the Union Ins. Co. as marine surveyor since 1872, died in Alameda on the 4th inst. of general debility. The jovial captain was 73 years old, and was an old pioneer. He was a seafaring man in his younger days, but after bringing his vessel from Boston to Marysville, he "located" in the latter town, and became its Chief of Fire Department. He was subsequently Port Warden and Pilot Commissioner in this city.

#### New Oregon Company.

A new company, the Farmers & Merchants Fire, has been organized at Albany, Oregon. The Secretary is J. K. Elderkin, recently pushed out of the Northwest Fire. Elderkin formerly represented such wildcats as the Anglo-American and the Fargo. The new enterprise is a local one, and announces that its business will be confined to dwelling and farm risks. Probably any risk will be accepted for a cash premium. The *cash* capital of the Farmers & Merchants (which does not insure merchants' risks) is a nominal one.

#### No Early Piety.

There are few bald-headed underwriters in San Francisco.

#### A Dishonest Claimant.

"I find I erred in my claim for dishes lost in the burning of my dwelling, and I herewith return you \$7.00," wrote a country claimant to a San Francisco office last month. Whether it was a case of unintentional error or pricked conscience is not known. Perhaps he or she is like the fellow who wrote: "I have defrauded you of \$100; my conscience gnaws me, and I return you \$50. Should my conscience gnaw me again I will return you the other \$50." Any reference to this as a case of an-gnawing conscience is forbidden.

#### Having a Good Time.

Recently there were two San Francisco underwriters in an eastern city. One called at the hotel of the other, and not finding

him in, wrote him a letter containing a little programme for the morrow's fun and directions where and when to meet in the morning. The writer then enclosed the letter and addressed it to the proper street and number in *San Francisco*, some 2000 miles distant. Stamped and duly deposited in a street letter-box, the letter sped on its way; but the two San Franciscans didn't meet the next day, as planned. Both, when not doubting each other's veracity or sobriety, are "cussing" the postal department and wondering why that letter miscarried.

### CHIPS.

—In the article published elsewhere, "Notes from the Northwest," our correspondent or the printer puts O. N. Hall special for "South British & National," when it should read Scottish Union & National.

—The petroleum "cartridge" man had to leave a certain building because rates were raised on all the other tenants; but petroleum is used and stored in large quantities in factories without any specially active protest by adjoining property-holders.

—The footlights in theatres should be incandescent electric lights. It is unjust to the bald-heads who sit in the front row to compel them to view things through the smoky, quivering hot air rising from a row of flaming gas jets. If the stage and the wings were lighted by electricity, it would be safer than the present method.

—On the first of July a new law went into force in Oregon, whereby all other-State and foreign offices must have at least \$200,000 deposited in the United States. The New Zealand and the Hamburg-Magdeburg complied with the law, and continue their Oregon agencies. The South British preferred to withdraw.

—We mail this month, and shall continue to mail for the next two or three months, several hundred sample copies to agents on the Pacific Coast, and in the principal Eastern and Southern States. The receivers are requested to seriously consider a proposition which we are about to make, namely, that the *COAST REVIEW* shall visit them monthly for one year and three dollars.

—C. P. Ferry has returned to San Francisco.

—Arizona has a forest which will not burn. It is petrified.

—Secretary Blood is looking after the interests of the Oakland Home in Oregon and Washington.

—The assessments and dues in the A. O. U. W. in this State now average \$36 yearly, or \$18 per thousand of "mighty onsartin" insurance.

—Very interesting papers are read at the meetings of the Life Underwriter's Association—of Boston, not of San Francisco.

—We print a revised list of premiums and losses by States this month. Territories from which only incomplete returns are to be had are omitted.

—"You have a policy," said the passing solicitor, pointing to a parrot in its cage; "and you have a legacy," he added, as the "assured" administered a playful kick.

—A Colorado policyholder of the accident department of the Pacific Mutual recently presented proofs of his disability, and added: "I want three weeks' alimony." He got the "mony."

—W. P. Thomas, late assistant manager on this coast of the South British Ins. Co., is now open to a new engagement. Mr. T. has been in the insurance business for the past fifteen years, eight years of which were with the South British.

—Fire losses in the Eastern States were very severe up to July 1, but since then they have been light. If no extraordinary losses are incurred between now and January 1, the loss ratio will be an average one, and the result of the year's business will be a fair average profit.

—The San Francisco fire department costs \$320,000 yearly, while that of Berlin costs only \$300,000. The former employs 325 men, the latter, 850. The former is a frame city with a third of a million population, while the German capital is a brick city with 1,200,000 population. The cost per capita in San Francisco is a dollar; in Berlin it is only 25 cents. We prefer to pay the dollar and live in a frame house in San Francisco.

—A situation is wanted by an experienced type-writer and stenographer. Apply at the COAST REVIEW office.

—California has made wonderful strides in population and wealth during 1887, and an increased fire premium income with diminished losses will be reported both in California and in the remainder of the Pacific Coast.

—Incendiary fires have been frequent during the past few months on this Coast. Repeated attempts have been made to burn Marysville, and the recent large fire at Traver was of incendiary origin. In the latter town a strong force are on guard every night, and if an incendiary is caught, he will be the chief ornament in a necktie festival. The recent general fire at Lexington, Oregon, was also started by an incendiary, one Cannon, according to the confession of Mary Jane Bradley, whose husband had been arrested for the crime.

—The Fire Marshal reports several incendiary attempts in the rookeries at the southeast corner of Market and Fourth, during the past few weeks. Coal oil was used in one instance. It may be remembered that there were several serious incendiary fires among the old rookeries on the opposite corner, when the storekeepers were ordered to vacate preparatory to the construction of a brick block. It is reported that a similar order has been issued to the occupants of the rookeries on the southeast corner, and that a new brick block is to be erected on that corner. *Verb. sap.*

--Whether Dr. Bowers murdered his wife for the insurance money, or whether her own brother (Benhayon) committed the crime and afterward, in a fit of remorse, took his own life, may never be determined; but the evidence thus far adduced shows conclusively that both Bowers and his wife were bad characters whom any really fraternal society would have rejected. They had no difficulty in procuring some \$40,000 insurance on their lives in various societies, and the result is one murder, and possibly another, and a hanging. The evening *Bulletin* refers to the "loose insurance system of these orders," and calls for their regulation by law.

—A French company issues policies covering accidents to horses and vehicles.

—The largest life and accident companies are American, and the largest fire and marine companies are English. Several of the American fire offices are not far behind, however.

—Members of the grand jury were last month given an example of the efficiency of the fire department. Extension ladders were run up eighty feet in thirty-five seconds. The hose was tested, and the display included other evidences of skill and perfect equipment, which were thought sufficient to show that boss rule, however strong its grip on the fire department, did not reduce the value of the department by making shoddy contracts and employing firemen for their services at ballot-box stuffing.

—Z. P. Clark, just elected Secretary of the Anglo-Nevada, is an underwriter of twenty-one years' experience as a successful local agent, a popular field man and a first-class adjuster. Mr. Clark will have charge of the Pacific Coast department of the company, while Vice-President Farnfield will look after the Eastern department. The Anglo-Nevada, under the management of a pair of such capable and experienced underwriters as Messrs. Farnfield and Clark, will be able to present to the stockholders and the public the most satisfactory evidences of a prosperous growth of business.

—Winter, which brings additional losses in the East, is the underwriters' friend on the Pacific Coast. Here the winter rains so saturate everything that the average monthly losses from November to February inclusive are not more than half of the average monthly losses for the remaining eight months. In the Eastern States the winters are cold, and in consequence of numerous fires for heating purposes the losses are multiplied. There, the underwriter is apprehensive for the year's results until the dawn of New Year's morn; here, for the next two months, the underwriter who thus far has had a good year may be reasonably confident that no ill-fortune will change the balance now in his favor.

—The South British has withdrawn from Oregon, and reinsured in the Northwest.

—Seattle wants lower rates, on the ground of an improved fire department. If the department is as good as claimed, the lower rates will probably be granted.

—E. T. Hare of San Buenaventura got away from the boom long enough to visit San Francisco recently—the first time for two years. Mr. Hare reports growing, prosperous times in his part of California.

—The city agencies of the North British & Mercantile and German-American have been withdrawn from Messrs. Jacobs & Easton, who have been the city agents for the past four or five years. Other changes in San Francisco agencies will occur within the next sixty or ninety days, it is said,

—Our informant was mistaken in relation to the latest Abbott defalcation. Abbott was not a solicitor for the Union Central Life Ins. Co., and had made no collections for, and consequently was not a defaulter to, the company. Whether it was some other company, or some whilom acquaintance, the fact of a defalcation remains. Abbott is supposed to be still in Mexico, and the stiller the better.

—General Agent Forbes has removed the office of the Mutual Life to the Firemans Fund building. Nearly all the second floor is occupied. The new quarters are handsome, light and cheerful, and are larger than the old quarters. A fine, brand-new Roman-Gothic alto-relievo sign on the outer wall attracts the eye of the passer-by. The business of the Mutual is rushing on the Coast.

—The old management of the Anglo-Nevada, composed of Brander and the Nevada Bank, has been displaced, and there will be no more "wheat deals" which will in the remotest way reflect upon the insurance corporation. Under the new management the insurance department of the Anglo-Nevada will be managed by the insurance talent of the office, and the financial talent will confine themselves to their own department. The policy of the corporation, as so far developed, will undergo a change for the better.

—Messrs. Dornin and Potter lately made a flying trip to the Atlantic seaboard.

—General Agent John H. Gray and the Washington Life have removed to 411 California.

—There will soon be official changes in the Bankers & Merchants Mutual Life Association.

—Assistant Secretary Faymonville of the Firemans Fund is enjoying a vacation in Santa Barbara.

—The Phenix of Brooklyn has made good its impairment of capital, and is now girded for the race, and is as strong as ever.

—The American Central Ins. Co. of St. Louis will remove to their new seven-story building in that city about the 1st of January.

—Saml. R. Weed, of Weed & Kennedy, general managers of the Liberty Ins. Co. of New York, is spending a few days in this city.

—The *Argus* for October is a handsome edition, containing the portraits of representative Chicago underwriters. The paper and press work are fine.

—The celebrated Morrow bribery case, in this city, grew out of the accidental death of a bookkeeper in the State Investment office, and the subsequent suit by his widow against the responsible street railway for damages.

—There is only one Irish insurance company in the United States, and that—the National—is represented only on the Pacific Coast. There are only two Irish fire offices, and one accident. Both fire offices do a life business.

—A. E. Magill and J. G. Edwards, respectively the general agent of the Home and Phoenix and the publisher of the COAST REVIEW, returned on the 5th inst., from an extended Eastern trip of seven weeks' duration. They went via the Southern and Santa Fe roads and came back via the Northern Pacific. Both gentlemen enjoyed their travels, and they return with many pleasant memories of the genial fellows whom they met and the many courtesies they received.

—J. W. G. Cofran has gone to Victoria to look after the interests of the Hartford.

—Graveyard insurance is lively in France, and there are no co-operatives either, in that country.

—Wm. Sexton and L. B. Edwards are looking over Colorado and New Mexico in the interests of their respective offices.

—The weatherwise predict late rains and a wet winter, but whether wise or not remains to be seen. All the weather prophets failed last year.

—Secretary Fowler is in the East, with a view of establishing marine agencies for the California and Union of New Zealand in the larger Atlantic cities.

—Five men fell down a shaft in this State, recently. The three who were not insured were killed, and the two who carried accident policies escaped with slight bruises.

—The Travelers Insurance Co. reports a great increase in business, especially in the life department. The new life policy is a model of simplicity and brevity. The moral is obvious.

—Messrs. Conrad & Maxwell have been appointed general agents for the Farragut Ins. Co. of New York, which withdrew from California last February. The Farragut has \$200,000 capital and nearly a half million assets.

—Col. Smedberg, Col. Kinne and Capt. Magill have returned from the G. A. R. Encampment at St. Louis. These gentlemen took advantage of the situation and visited the principal cities in the East, returning well pleased with their trip, but preferring California as a place of residence.

—A San Francisco underwriter, in an interview reported by the *Chicago Investigator*, said, or is reported as saying, that the losses for 1887 on this Coast have been greater than for three years past. The COAST REVIEW reports show that the losses have thus far been nearly a million dollars less than for the same time last year, and have been somewhat less than for the same time in 1885. 1887 has been a fortunate year on the Coast. San Francisco losses are reported as being above the average, whereas they have been below.

—In the construction of new business blocks in San Francisco there is indication of a growing demand for plenty of light. The first floor fronts present almost unbroken areas of plate-glass, and the upper floor fronts are not merely pierced with windows—they are little besides windows. The sanitary benefits and beauty of glass-front buildings “go without saying,” but they are also to be commended because they facilitate the discovery and extinguishment of fires. The first blaze may readily be seen from the street, and the movements and labor of the firemen are greatly expedited.

—The Bankers & Merchants hat-passer of San Francisco pays some solicitors all the admission fee and the first year's dues. The expenses of management are paid, we presume, out of that unsecured reserve fund, which is otherwise needless, and is always a temptation to the cupidity of the managers.

—The iron doors of the wholesale stores down town should be well perforated. As the doors are now constructed, a down-stair fire in one of these stores cannot be seen from the street at night until it has mounted to the upper stories. Perforated iron doors will keep out the burglars and let out the light of a fire.

—Colonel N. D. Hodge, the able general traveling agent of the New York Life Ins. Co., returned from a trip to Nevada a few days ago. There are few men connected with the company who are more highly esteemed than the genial, whole-souled Hodge.

—The owner of two imported German mastiffs, valued at \$500 each, is anxious to insure them, but in the absence of a live-stock insurance company he will have to content himself with insurance against fire—if he can get that.

—The Home Life of New York has entered California.

J. G. CONRAD.

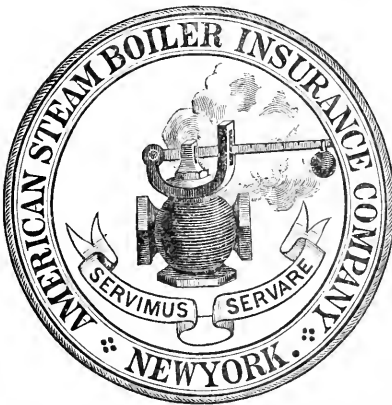
J. D. MAXWELL

# CONRAD & MAXWELL,

## FIRE AND MARINE

## UNDERWRITERS,

421 California St., San Francisco.



GENERAL AGENTS OF THE

American Steam Boiler Ins. Co.

Of New York.

Cash Capital,	-	-	-	-	\$500,000
Total Assets, over	-	-	-	-	740,000

SAN FRANCISCO DEPARTMENT  
 OAKLAND HOME INSURANCE COMPANY.  
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Moral: Insure in

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Original Accident Company of America,  
Largest in the World.

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242 Montgomery Street, San Francisco.

# THE COAST REVIEW

A MONTHLY JOURNAL

DEVOTED TO

FIRE, MARINE, LIFE AND ACCIDENT INSURANCE

J. G. EDWARDS, PROPRIETOR,

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## PUBLISHER'S NOTICE.

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Postage, when not sent from this office, is 2 cents per copy.

Subscriptions discontinued on expiration only when so ordered by subscriber.

Subscriptions may begin with the January number, if so desired. Unless otherwise ordered, however, subscriptions will begin with the current issue.

Post office boxes or street and number should be added to address to secure a safe delivery.

Discontinuance, or errors, or changes in address, should be reported to the COAST REVIEW, and not to the post office. Repeat order if necessary. Subscribers and others who may take this journal from the post office or carrier are legally responsible.

The COAST REVIEW will be printed about the 5th and mailed about the 7th of the month.

Advertising rates made known on application.

Correspondence invited. Write on one side of paper only. Be careful with names and dates.

Our readers are requested to send us court decisions and newspaper clippings relating to underwriting interests.

Communications, new advertisements and changes in old advertisements should be handed in before the 1st of the month, or as soon after the 1st as possible.

## THE LAW.

It has been held that where a father had designated his daughter as the beneficiary of his certificate in a hat-passer, he could not otherwise dispose of the insurance fund by a will.

A reasonable time for the procuring of other insurance must elapse before a cancellation is effected.

If the note of assured is taken for a premium, it must be refunded the same as if money had been paid, in order to terminate the risk.

The appointment of an agent upon whom to serve process is irrevocable, unless the revocation be made by the appointment duly notified upon the public records of a new agent competent to receive service of process. The agent may have resigned, but until his successor shall have been appointed and registered the former is the attorney of the company for the service of process.

The accident policy clause exempting from liability for death by "inhaling of gas, or by any surgical operation," has been held by the N. Y. S. C. to cover a death by the accidental inhaling of illuminating gas while asleep.

A written provision authorizing "necessary alterations and repairs" does not authorize a material enlargement of a building; nor will parol evidence that such alteration was contemplated when the insurance was made be admissible to vary the effect of the written contract.

It has been held that the defendant company, through its agents, by putting a policy into a solicitor's desk without his knowledge, and withdrawing it without his knowledge, did not make a contract on which the premiums could be recovered, nor on which an action could be maintained by the plaintiffs.

When an unoccupied building is insured as vacant property, the clause voiding the policy when the property "shall cease to be occupied" imposes no obligation upon the owner to occupy it for any period during the running of the policy, nor does it void the policy if a tenant moves out and the building "ceases to be occupied."

Where defendant alleges that plaintiff burned his own property, evidence on the part of plaintiff showing the loss of other property of his besides that insured is admissible.

Merchants were insured to "cover property, their own or held in trust, or sold but not delivered, for which they may be held legally responsible." They sold to plaintiffs. It was held that the policies ceased to cover when the assured, the owners, sold the property, the company not agreeing to any substitution. The sellers did not hold themselves as trustees of plaintiffs.

A company cannot take advantage of misstatements in the application made by their own agent, and known by him to be false.

The prisoner who fires his cell to burn a hole through which to escape, or merely with the intention of escaping during the confusion of extinguishing the fire, is guilty of arson.

Wharfingers, warehousemen and commission merchants having others' goods in their possession may insure in their own names, and in case of loss may recover the

full amount of the insurance for the satisfaction of their own claims first, and hold the remainder for the owners.

Final contract, as shown by the policy, cannot be waived by a preliminary agreement not referred to in the policy.

Where an agent agreed with the assured, in writing, that the policy might be rejected if not satisfactory, it was held that the company could not sue on the premium note, and claim that the agent had no authority to make such written agreement.

Property may be conveyed to a loan association of which the assured is a member, as security for a loan, without voiding the policy which requires sole ownership.

The holder of a policy on his own life, payable to himself, may assign it to any person who may have no insurable interest, if the policy does not expressly forbid such transfer or assignment.

The insured property had been set afire, and the husband of plaintiff was charged with arson, but it was held that in the absence of any evidence implicating her she would not be affected by the fraudulent burning of her property by her husband.

A man may insure his life for any person's benefit, if he takes out the policy and pays the premiums himself; otherwise the beneficiary must have an insurable interest.

The title of a portion of the insured property remained with the sellers, until wholly paid for. When insurance was applied for a part of the purchase money was unpaid, but he represented himself to be the owner. He therefore forfeited his insurance.

A misrepresentation or breach, where the contract is entire, affects all the property insured, though it may be of different kinds.

The rights of a mortgagee to avail himself of the benefit of insurance taken out by the mortgagor depends wholly upon contract, and his right to invoke the aid of a court of equity to enforce a lien upon money arising from unassigned policies

effected by and in the name of the mortgagor depends entirely upon the evidence of an unfulfilled executory agreement on the part of the mortgagor. If the mortgagor has satisfied his covenant to insure, as to any insurance effected by him for his own benefit after such compliance with his contract, the parties stand in relation of mortgagor and mortgagee, between whom no contract to insure exists. In such case the creditor is not entitled to the fund arising from such policies, except where the effect of their insurance was to scale the policies held by the mortgagee, in which event the mortgagee is entitled to amount of loss by such scaling. *N. & M. Co. v. Gerry; Ind. S. C.*

A French court has made the assignees of a property holder continue the insurance contracted by him. They claimed that they were not bound by his contract of insurance, which ran ten years.

Where one has been induced to compromise a claim by fraud, he may rescind by restoring, or offering to restore, what he has received as a consideration for the compromise, and, treating the compromise as rescinded, maintain an action at law upon the original contract. Or, he may keep what he has received, and commence a suit in equity to rescind the fraudulent compromise, and to obtain in the same action equitable relief, offering in his complaint to restore what he has received in case it shall be adjudged he is not entitled to retain it. Or, he may retain what he has received, and sue whoever is liable for the consequences of the deceit by which the compromise was brought about, and recover whatever damages resulted therefrom.

A propeller was scuttled and sunk to extinguish the flames. She was raised, and while unloading the fire again broke out, and she was again sunk. The damage by fire was paid, but liability for cost of raising the vessel was denied. Suit was brought therefor, and a jury in the U. S. D. C. at Detroit has returned a verdict for plaintiff.

The House of Lords has decided that if an agent employed to effect an insurance has knowledge of a material fact, such as

that a ship is rumored to be lost, and does not disclose it to his employer, but in his name instructs another broker to effect the insurance on such ship, and he does so—neither this last broker nor the owner having knowledge of such rumor, which therefore is not disclosed to the underwriters, the owner of the ship is, under the circumstances, entitled to recover on the policy.

Where a policy of insurance provides that in case of any other insurance upon the property insured, "whether valid or invalid, the insured shall be entitled to recover of this company no greater proportion of loss sustained than the sum hereby insured bears to the whole amount insured," the insured is bound by the terms of the policy, whether the additional insurance effected be valid or invalid, provided it is effected by the insured or by his authority and consent.

A policy of insurance issued by an agent without the knowledge or consent of either the insured or the company, has none of the elements of a contract, and is not binding upon the insured or the company.

A Glasgow court held an insurance broker responsible for the amount of insurance applied for, he failing to use the telegraph to his London principals. The application was for a vessel *en voyage*, and before the mailed application was delivered news of the loss of the ship had been received in London. We doubt whether the judgment will stand.

### Digest of Recent Insurance Decisions.

#### Fire.

*Morrison v. Ins. Co. of N. A.; N. H. S. C.*

UNDELIVERED POLICY. — Application was left by solicitor with general agent, whose clerk made out a policy, which was placed in solicitor's desk. The jury found that it was delivered to the solicitor as agent of plaintiff. Property was valued at \$1,000. Defendant company paid plaintiff \$600 for receipt in full. The jury found that the settlement was obtained by the defendant company's fraud. The suit for the recovery of the balance was brought six years after the alleged breach. To the plea of the

statute of limitations, the reply, and the jury's finding, was that the defendant company fraudulently concealed from the plaintiff the existence of the insurance.

*Held*, That knowledge and intention are the gist of a contract. The question whether the changed possession of a policy is a delivery binding the parties by making the contract written in it, is a question of knowledge and intention. There is such a delivery if both parties or their authorized agents understand the writing passes from one to the other as a token that the negotiation is concluded, and as evidence of an operative contract.

*Held*, That the only reasonable and consistent interpretation of the verdict is the literal one that the delivery of the policy to the plaintiff's agent, known to him and assented to by him, was fraudulently kept from the plaintiff's personal knowledge. The suggestion that the solicitor did not see the policy, and that the defendants took it from his desk before he got actual possession of it, leads to the conclusion that the special finding of a delivery is contrary to the fact, the contract declared on was not made, and on this ground the defendants are entitled to judgment.

*Bennett v. Agricultural Ins. Co.*; N. Y. C. A.

**MISSTATEMENTS—VACANCY.**—According to the application the dwelling was occupied, when in fact it was vacant. The evidence showed that defendant's solicitor and agent, who filled out the application, was informed that the house was unoccupied, and plaintiff signed without noticing the misstatements. The agent, in taking the application, was acting within the scope of his authority.

*Held*, That it must be assumed that the agent was informed by the plaintiff of the vacancy of the house. His error cannot be imputed to plaintiff, or deprive him of the benefit of the policy. The misstatements were those of the defendant's agent, not those of plaintiff, and did not constitute a breach of warranty by the assured.

*Ibid*.

**SUBSEQUENT VACANCY.**—Defendant insists that, treating the policy as having taken effect as a valid contract of insurance upon

an unoccupied dwelling, there was a breach of condition subsequent which rendered it void. After the issuance of the policy, a tenant moved in and afterward moved out, and the house remained unoccupied until the fire. Policy provided for forfeiture if the house should cease to be occupied.

*Held*, That it is plain that this condition was intended to protect the company against an increase of risk, by leaving premises vacant which were occupied at the time the insurance was effected, and that it has no application to a risk taken on an unoccupied dwelling.

*Hanover Fire Ins. Co. v. Lewis*; Fla. S. C.

**ASSESSING DAMAGES.**—Plaintiff filed proofs of loss with the defendant. These proofs, which it was claimed were insufficient, were not produced in court. The lower court assessed the damages, which it had no authority to do. The rule is, that upon a demurrer to evidence the court may, before discharging the jury, cause them to assess the damages conditionally; or the court, if the evidence is in favor of the plaintiff, may call another jury to assess the damages, upon a writ of inquiry. In the case at bar, plaintiffs had shown a right to recover merely, but had introduced no evidence to show what amount they were entitled to recover. They closed their evidence. The defendant corporation was not bound to disclose its defense until a case had been made against it.

*Ibid*

**PROOFS OF LOSS.**—Where proofs of loss are not submitted by defendant corporation, a notice should be served on the defendant to produce them; and if it fails to do so, secondary evidence of their contents may be introduced.

*Frost's Works v. Millers and Mfrs. Mutual Ins. Co.*; Minn. S. C.

**ALTERATIONS.**—Policy required notice and endorsement of alterations, and voided it otherwise. *Held*, That notice must be given of the material enlargement of the building, even though the risk was not thereby increased.

*Ibid*.

**DESCRIPTION.**—An insurance contract made upon a mill building and machinery

while the process of construction was going on, is applicable to the property when complete as contemplated by the parties. A description of the property as a sawmill building had not the effect to restrict the use to the purpose of a sawmill.

*Meuk v. Home Mutual Ins. Co.*: Cal. S. C.

**EVIDENCE—MISSTATEMENTS**.—In *Meuk v. Commercial Ins. Co.* (COAST REVIEW, 1886, p. 667,) a new trial was granted on the ground of newly discovered evidence. Plaintiff had testified that he did not make the misstatements in the application, but that they were made by defendant's agent B. The "newly discovered evidence" was that of B. The present case covered the same issues.

*Held*, That evidence that the application was made out by an agent of the company with full knowledge as to the condition of the premises, and that applicant did not know what representations it contained, was admissible under an issue of misrepresentations.

*Held*, That where the application, in describing the property, included the cellar under the building, but in the policy the cellar was omitted, and reference was made to the application for a more particular description, the cellar was covered by the insurance.

*Havens v. Home Ins. Co.*: Ind. S. C.

**ADDITIONAL INSURANCE**.—Plaintiff claimed that defendant had consented to additional insurance, but had failed to insert the agreement in policy. *Held*, That other insurance was taken without notice to the company, and without request that the agreement be inserted. The company is not estopped and the complaint is bad.

*Held*, That where such policy covered a building and the household furniture in different amounts, in respect to the foregoing condition it is entire, and if void as to the building it is void in toto.

*Plinsky v. Germania Fire F. & M. Ins. Co.*: U. S. C. C.

**INCREASE OF RISK**.—Increase of risk voided the policy. The merchandise insured was described as "contained in the first floor and basement of the building." *Held*, That a removal of all the stock from the first floor to the basement, although the

risk was increased thereby, did not void the policy.

*Ibid*.

**FIREWORKS**.—Policy insured candy, toys, and all such other stock as is usually kept for sale in confectionery stores. A printed clause provided that the keeping of fireworks voided the policy. *Held*, That the written part of a policy controls the printed part, and if fireworks were usually kept in stocks of the kind insured, the keeping of fireworks did not void this policy.

*Home v. Howard*: Ind. S. C.

**RESCINDING A COMPROMISE**.—After the loss occurred and before the policy matured, the company claimed that by reason of certain facts known to it, relating to the origin of the fire, it was not liable upon its policy. A compromise was accordingly agreed upon, whereby, in consideration of \$25 paid to the plaintiff, the policy was surrendered to the company and cancelled. The plaintiff claimed that the settlement and release had been procured from him while laboring under physical and mental distress by the false and fraudulent representations of the company's agent. Upon plaintiff's motion the case was tried to a jury as a suit at law. The jury returned a verdict for \$1,200.

*Held*, That the action being at law to recover upon the policy as a subsisting obligation, it follows inevitably that the contract of settlement and cancellation above set out, not being void, constitutes an insuperable barrier against a recovery, so long as it is not rescinded or avoided by an offer to return the consideration paid for it. The case is not distinguishable from *Brown v. Hartford Fire Insurance Co.*, 117 Mass., 479. In such a case as this a recovery cannot be had upon a contract which has been released and surrendered in pursuance of a subsequent contract upon which an amount has been paid as a compromise of a disputed liability upon the original obligation, so long as the subsequent contract remains unrescinded and in force. *McMichael v. Kilmer*, 76 N. Y., 36; *Gould v. Cayuga County National Bank*, 86 N. Y., 75; *Bisbee v. Ham*, 47 Me., 543; *Worley v. Moore*, 97 Ind., 15. It does not alter the case that the compromise may have been brought

about by the fraud and misrepresentation of the defendant, or that in the end it was found that a sum largely in excess of the amount paid to settle the disputed liability was due the plaintiff.

*Holmes v. National F. & M. Ins. Co.; N. Z. S. C.*

**MORTGAGEES' RIGHTS.**—The mortgagors agreed to keep the mortgaged property insured as long as mortgage remained, in the name of mortgagees, who also had the right to insure same if the former neglected to do so. The mortgagors becoming bankrupt, the plaintiffs, the mortgagees, took possession of the insured property shortly before the fire. This insurance had expired, and plaintiffs sued under mortgagors' policy, which had been transferred to them by the official assignee.

*Held*, That where the mortgagee is separately insured in one office and the mortgagor in another, the loss must fall in its entirety upon the insurers of the mortgagor. For, if the mortgagee recovers to the extent of his interest on the insurance effected by himself, his insurers will be subrogated to his rights against the mortgagor, who in his turn is entitled to look for indemnity to his insurers. Judgment for plaintiffs.

*Westminster Fire Office v. Glasgow Prov. Inv. Society; Edinburg Court of Session.*

**MORTGAGEE'S OR SECOND CREDITOR'S RIGHTS.**—Question raised was as to the right of a second bondholder to recover the sums in his policy, notwithstanding that a sum sufficient to reinstate the damage had already been paid to a first bondholder by another insurer. Pursuers (plaintiffs) were creditors in a "postponed" bond. The owners and preferable bondholders were paid the full damage done; but the buildings had not been restored to their original condition. Plaintiffs claimed that they had not been indemnified, as the defendants had undertaken to do. Defendants claimed that plaintiffs had no insurable interest, and did not insure as principals; and that as the total damage had been paid by other insurance offices, all claims under the present policy had been extinguished thereby.

*Held*, That each of defendant's propositions is confounded. The holder of an heritable security over his debtor's prem-

ises has an insurable interest. Plaintiffs may insure for their own interest only, and by so doing acquire a distinct right of action against defendants, without any regard to the separate interest of the owners. The obligation in the policy is distinct, and is the same as though the owners had been no parties to the contract. The owners were only parties for the reversion secured, and the reversion is what remains after the creditor had been indemnified.

*Held*, That where there is no reinstatement (or restoration) or indemnification, there can be no release because some other office had paid some other interested party, under a separate contract, a sum sufficient for a reinstatement of the premises, which sum had not been so applied. The claim must be held to be, not for the whole of plaintiff's debt, but for the value of those portions of the security which were destroyed by fire.

*Wolff v. Liverpool & London & Globe Ins. Co.; N. J. S. C.*

**ARBITRATION.**—Defendants contended that there had been no previous submission to arbitration of the differences as required by the policy, and that the amount of the loss had not been first ascertained by arbitration.

*Held*, That these two propositions may be considered settled on authority and upon principle: first, that a stipulation on a contract that a party shall submit the entire subject matter of dispute to arbitration is void from considerations of public policy; second, a stipulation in a contract that a party shall submit the determination of one single fact, or the ascertainment and appraisal of the damages to be recovered, is not in violation of public policy, and is such a contract as the court will not only recognize, but will enforce.

*Held*, That any agreement which puts it out of the power of the courts to enforce a remedy will be disregarded as against public policy, which requires the redress of wrongs; but it may be agreed between parties to a contract that the appraisal of the value of the matter or thing in controversy, or an award of the amount of damages, can be made a condition precedent to

a right of action. In such a case the agreement is not to refer a cause of action, but that a cause of action shall arise upon the appraisal or award, which is preliminary to and in aid, and a condition of the right of action.

*Held*, That the company may insist upon an arbitration as to the amount of the loss sustained as a condition precedent to the further prosecution of this suit, and if the court shall at any time see any unfairness in the conduct of that arbitration which shall be imputable to the defendant, the privilege here accorded to it shall be withdrawn, and the case shall be tried before the court and a jury.

#### Marine.

Staples v. Joseph et al.; N Z. S. C.

NEGLECT IN STEERING.—The question was whether the plaintiff, in signing the bill of lading, had contracted himself out of the right to complain of the negligence of the master and crew of the New Zealand steamer *Tui*, owned by defendants. It was in evidence that the master had not steered by the standard compass, and that there was gross negligence.

*Held*, That the carrier's exemption from liability for the negligence of his servants as provided in the bill of lading, was contrary to the colonial statutes. The exemption is, therefore, inoperative, unless such exemption was an expressed condition and consideration of lower rates.

Blackburn, Low & Co. v. Sigors; House of Lords.

KNOWLEDGE OF BROKER AND PRINCIPAL. Appellants were Glasgow underwriters and insurance brokers, and they insured a steamship with respondent. The ship being overdue, appellants instructed their London brokers to reinsure her. News that the ship was reported to be lost reached the ears of the brokers. Subsequently and before the information had reached appellants, who had already refused to pay the rate asked, they instructed fresh brokers to insure. The result was that a policy, lost or not lost, was effected. The question was whether the appellants were entitled to recover upon the policy after the information as to the loss of their ship had reached their original brokers. The Court of Appeal

decided for the respondent, but the House of Lords reversed that decision, finding in favor of appellants. It was admitted that if appellants or the broker who had actually effected the policy had known of the rumor of the loss of the ship there could have been no recovery.

#### Accident.

Fuller v. B. & O. Relief Assn; Md. C. A.

COMPULSORY INSURANCE—RELEASE OF R. R. Co.—The B. & O. R.R. Co. compels certain classes of its employees to become members of a relief association established by it and to contribute to it certain amounts out of their wages. The members on the other hand are entitled to receive a certain sum from the association in case of injury in the service of the company whether through the negligence of the company or not. It is provided by the constitution of the association, however, that in all cases where the death of a member results from accident, the person legally entitled to recover damages on account thereof must release the railroad company from all claim for damages before the association will pay the amount due to the beneficiary of the member killed.

*Held*, That the system of compulsory insurance referred to was a reasonable condition of employment, that the provision regarding the release of claims against the railroad company was also reasonable, and that no recovery could be had by any person against the association when the person legally entitled to damages made a claim against the railroad company.

#### Firemen's Relief Fund Law.

THE SUPREME COURT PRONOUNCES THE LAW UNCONSTITUTIONAL—CITY AND COUNTY OF SAN FRANCISCO v. LIVERPOOL & LONDON & GLOBE INS. Co.

The California Supreme Court filed the following decision relative to the Firemen's Relief Fund Act on November 10:

This action is brought to recover \$441.36, with interest, under an Act of the Legislature entitled "An Act to require the payment of certain premiums to counties and cities and counties by fire insurance com-

panies not organized under the laws of California, but doing business therein, and providing for the disposition of such premiums."

An answer was filed to the complaint, and thereupon on motion judgment was rendered for the plaintiff on the pleadings, from which defendant appeals.

The Act requires every agent of the insurance companies designated, to pay into the hands of the Treasurer of any county or city and county in the State a sum equal to 1 per centum upon the amount of all premiums which, during the year, or part of the year, ending on the first Monday of September, shall have been received by such agent, or which shall have been agreed to have been paid for any insurance effected, or agreed to be effected, within the limits of such county or city and county. The money when so paid to constitute a fund known as the Firemen's Relief Fund of the county or city and county in which the property insured is situated, and to be under the exclusive control of the Fire Commissioners, or other governing body of the Fire Departments of such county or city and county, under such general regulations as the Board of Supervisors thereof may prescribe.

The answer does not deny any of the material allegations of the complaint, but the defendant claims that the exaction is illegal, and that the statute imposing it is unconstitutional and void; that it is violative of various provisions of the Constitution, and among them is Section 12, Article XI, which reads as follows:

"The Legislature shall have no power to impose taxes upon counties, cities, towns or other public or municipal corporations, or upon the inhabitants or property thereof, for county, city, town or other municipal purposes, but may, by general laws, vest in the corporate authorities thereof the power to assess and collect taxes for such purposes."

If this exaction is a tax, and the purpose to which the proceeds are devoted is a county, city, town or other municipal purpose, it is plain that it is prohibited by

this section. Both propositions are denied by respondent.

It is claimed that the object of the Act is to prescribe a condition upon the performance of which foreign corporations shall be permitted to do business in this State; that the State may discriminate against such corporations in favor of her own citizens or domestic corporations; that as *such* foreign corporations have no rights under the State Constitution except such as are expressly guaranteed to them *eo nomine as foreign corporations*; that the power of the State to impose conditions is not limited by general provisions of the State Constitution, and is absolute unless specifically limited, either in the Federal or State Constitution, and in the absence of such limitations foreign corporations, as such, have no rights which the State cannot touch.

This claim is certainly very broad, and is derived from the proposition that corporations have no absolute right to recognition in other States, but do business in such States merely by grace, depending for the enforcement of their contracts upon the assent of those States, which may be given on such terms as they please.

It is of some interest to note here that the power of the Legislature to impose conditions is as absolute over domestic as over foreign corporations. There is no natural right in our own citizens to do business in a corporate name. These home corporations act as such purely by grace, and not by right, depending absolutely upon the consent of the State for the enforcement of their contracts, and that assent may be withheld or permitted on such terms as the State shall choose. It may exclude domestic corporations entirely from the State, and, in the absence of express constitutional limitation, permit foreign corporations alone within its borders, or may impose a license tax upon domestic corporations, which is not imposed upon foreign corporations. It may amend or repeal its charters at any time, or impose such new terms and conditions to the right to do business, as it may see fit. This absolute power over domestic corporations was never denied or questioned, except as to the right to alter or



*Subscribed Capital, - - - \$4,125,000 00*  
*Capital and Gross Assets, - - 4,712,747 00*

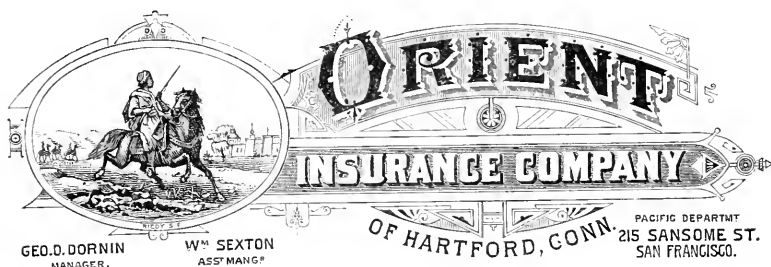
**PACIFIC DEPARTMENT FOR**

**The States of California, Nevada, Oregon, Colorado, the Territories of Washington, Idaho, Montana, Wyoming, Utah, Arizona, New Mexico, and the Hawaiian Islands.**

GEO. D. DORNIN, Manager.

WM. SEXTON, Assistant Manager.

*215 Sansome Street San Francisco, Cal.*



*Capital, - - - - - \$1,000,000 00*  
*Assets, January 1st 1887, - - 1,604,486 00*

**PACIFIC DEPARTMENT FOR**

**The States of California, Oregon, Nevada, and the Territories of Washington, Idaho, Utah, Arizona and New Mexico.**

GEO. D. DORNIN, Manager.

WM. SEXTON, Assistant Manager.

*215 Sansome Street, San Francisco, Cal.*





1803

# IMPERIAL

FIRE INSURANCE CO., OF LONDON.

(Instituted 1803.)

*Capital Paid in, - - - - \$3,500,000 00*  
*Assets, January 1st 1887, - - 9,658,479 00*  
*Invested in the United States, 1,620,505 63*

## PACIFIC DEPARTMENT

Having Jurisdiction over the States of California, Oregon, Nevada, Colorado,  
 and the Territories of Washington, Idaho, Montana, Wyoming,  
 Utah, New Mexico and Arizona.

GEO. D. DORNIN, Manager,

WM. SEXTON, Assistant Manager.

215 Sansome Street, San Francisco, Cal.



# WASHINGTON

FIRE AND MARINE INS CO.

OF BOSTON.

*Capital Paid in, - - - - 1,000,000 00*  
*Assets January 1st, 1887, - - 1,949,467 00*

## PACIFIC DEPARTMENT

Having Jurisdiction over the States of California, Oregon, Nevada, Colorado,  
 and the Territories of Washington, Idaho, Montana, Wyoming,  
 Utah, New Mexico, and Arizona.

GEO. D. DORNIN, Manager.

WM. SEXTON, Assistant Manager.

215 Sansome Street, San Francisco, Cal.

amend the charters, and that right is clear under our Constitution.

The whole force and effect of the decisions cited from the Federal Courts, is, that foreign corporations are not protected by Section 2, Art. X of the Federal Constitution, and, therefore, the State may deal with corporations, organized in other States, as absolutely as with domestic corporations. When the courts of the United States speak of the power of the State to impose conditions upon foreign corporations, they, of course, have reference to Federal limitations. There is no intimation that such corporations are not, when permitted to do business within a State entitled to the protection of its laws as fully as citizens. That is not a Federal question, but those courts have held that a statute of Iowa, which provided that any foreign corporation which should remove a cause from a State Court to a Federal Court should forfeit its right to do business as a corporation within the State was void. (*Barron v. Burnside*, 121 U. S., 186.) In that case the statute made it a misdemeanor for any one to act as agent for any company which had forfeited its right to do business in the State under this Act. Barron was convicted under the statute, and his conviction was declared illegal by the Supreme Court on the ground that no such condition could be imposed. The effect of this decision is that the permit was valid, but the condition void. Following the logic of this case, the result would seem inevitable that a condition in violation of the State Constitution is simply void. Indeed this would seem too obvious to require much discussion. The fact that the party against whom a suit is brought to collect a tax may be a foreign corporation may be very material in determining whether the tax is prohibited by the Constitution; but it could not authorize the Legislature to exercise a power clearly denied to it in the Constitution. Such laws are *ultra vires*, and as clearly void when they operate upon a foreign corporation as upon a citizen.

We come now to the inquiry: Is the exaction here in question a tax? The statute itself denominates it a tax, and it must be

confessed that it has all the characteristics of a tax. It is a charge imposed by the Legislature for the purpose of revenue. It is not founded upon contract, and does not establish the relation of debtor and creditor. It is an enforced proportional contribution, levied by authority of the State, and, as respondent claims, for public needs.

That it has all the attributes of a tax is practically admitted by the respondent, but it is sought by a very subtle process of reasoning to show that, in this particular case it must not be regarded as a tax. However deftly it is stated, the point in all this specious logic is, that unless it be held something else than a tax, it may be unconstitutional. Laws are not to be declared unconstitutional unless clearly so, and, if two constructions are possible, and according to one the law must be held constitutional, and under the other construction it can be sustained, that construction must be adopted which will sustain the law.

This principle is not disputed, and it is often of great value, but it must not be pressed so far as to amount to an abdication of its functions on the part of the Court, nor a denial of justice to suitors. If we can clearly see that a law is beyond the power of the Legislature, we must so declare.

It is claimed that this is a sum paid by the corporation for the privilege of acting as such in this State, and, therefore, not a tax. The plausibility of the claim consists in apparently identifying this case with cases in which it is clear the exaction is a condition, and from which this is made to differ only in degree. If the condition had been that the corporation should pay a fixed sum for the privilege before it was allowed to do business at all, it would no doubt be held a condition and not a tax; so perhaps if the license were required to be renewed at stated periods; and it has been held that, when the corporation is required to pay a percentage upon its receipts, and the payment is required to be secured by a bond before the corporation is allowed to do business in the State, this special requirement distinguishes it from ordinary taxation, and stamps its character. (Trus-

tees Exempt Firemen's Fund v. Roome, 93 N. Y., 325.) So the two classes of cases, one of which is plainly taxation, and the other a sum paid for a permit, may be approximated until it is difficult or impossible to say to which class a given case may belong. These difficulties to discriminate the principles underlying different cases constantly included in different classes, and to which the same rule of decision cannot be applied, constitute the perpetual debating grounds of the law and occasion much of the confusion in the decisions. But, as was remarked by Judge Marshall, because we cannot easily draw the line does not prove that there is no difference in principle. No one fails to note the contrast between the light of day and the darkness of night, but no one is able to draw the line between daylight and darkness, or note the precise instant when one ends and the other begins. I have said that the Act on its face denominates the exaction a tax, and that it is imposed according to the methods of taxation. It is also manifest from the Act that the chief reason of the tax is to raise money. No one can read the law without being so impressed. The purpose was to create a fund, and counsel have labored here to show that this fund was for a public and a highly meritorious and useful purpose.

We find in the next place that when the statute was passed the conditions on which foreign corporations could do business had been prescribed, and very full provision was made on the subject. (Sections 622, 623 and 624, Pol. C.; see also Stats. 1871-72, p. 326.) In the Act in question these statutes are not alluded to, and they have never been amended or repealed. There is nothing in the law we are considering to indicate that it was intended as a condition, except when viewed in the light of the rule requiring us to so construe it rather than to declare it void.

Now, a business may be licensed and still be subject to be taxed. A license proper is a permit to do business which could not be done without the license. It is a mere permit. It may be thus licensed and then subject to a license tax. These licenses

may not differ in form, but one is a license proper and the other is a license tax, imposed for the purpose of revenue.

This business, being first licensed, and then in a subsequent law subjected to a license in the form of a tax, the last law in no way intimating that the previous license is withdrawn unless the imposition is paid. the presumption is very strong that the exaction is for revenue purposes, and was not intended as a condition.

It is claimed, however—

First—If the exaction be a tax, it is imposed under the police power for the purposes of regulation, and therefore not liable to the objection; and,

Second—If it be such a tax, it is a condition, and, even if unconstitutional, the corporation could waive the objection, and did so when, after the passage of the Act, it continued to do business in the State.

When the police power is appealed to, to justify legislation, there seems to be an impression that all claim of constitutional limitation is at an end; but let us inquire into the matter a little. With reference to the power of taxation the principle is about this:

The framers of the organic law, when they formulated limitations upon this power, had in view the burdens of taxation. They were providing for equality and uniformity only with reference to fair and just distribution of these burdens. It is not to be presumed, however, that they intended to deprive the State of the power of self-preservation, or of accomplishing those acknowledged ends of all government—the safety and welfare of the people. The requirement of equality applies mainly, if not entirely, to taxes upon property, laid upon the *ad valorem* principle. As to taxes upon occupation or business, the requirement is only of uniform operation, and this requirement is satisfied when it is uniform as to the class to which the law applies. Necessarily to impose this tax, the population must be classified as to the occupations, and it is not required that all occupations shall be taxed to justify a tax upon some. Perhaps it would be impossible to accomplish the end the government has in view

in imposing a tax, purely regulative or prohibitory, if the Legislature is bound by the requirement of uniformity. These limitations are applicable only to the power of taxation, and are, therefore, held not to limit other functions of the government where entirely different ends are in view, although it is sought to reach them by a regulation having the form of a tax.

I think this tax is purely one for revenue, but admitting that the purpose is a mixed one, still it must conform to the limitations upon the taxing power, except in so far as a departure is necessary to make it regulative or prohibitory. It could be made just as effectual as a police regulation without violating the provision of our State Constitution under consideration.

As to the proposition that the corporation waived the constitutional objection by continuing to do business after the passage of the Act, it is enough, in my opinion, to say that it is a mere *petitio principii*. If the condition be void, no implied consent can be claimed.

It remains to inquire whether the tax was imposed upon the counties, cities and counties, towns, or other public or municipal corporations, or upon the inhabitants or property thereof, for county, city, town or other municipal purpose. It was quite unnecessary to call attention to the fact that the tax is not upon a county or city, as a corporation, and, unless the point had been distinctly made, it would have been thought quite unnecessary to say that it was not the purpose of the section to prohibit such impositions. The Constitutional Convention cannot be supposed to have thought it necessary to prohibit the Legislature from imposing a tax upon a municipal corporation, as such, for the use of the municipality. It may also be admitted that the defendant is not an inhabitant of the municipality, within the meaning of this provision, although this is by no means a clear proposition. It is not necessary for the case to decide it. The same may be said of the claim that the imposition is not a tax upon property. In my opinion, the purpose of the section is to relegate to the local Boards the whole subject of county

and municipal taxes for local purposes, and that the Legislature has no power to impose any tax whatever, within those territories, for local purposes.

If the purpose of the fund created by the tax is a public purpose at all, it is clearly a municipal purpose. The management and control of the fire departments has always been left to local authorities. The fact that the State at large has an interest in the efficiency of the departments does not render the end any less a municipal one. The people of the State have such an interest in all the police powers granted to these municipalities. And even if the State may exercise a concurrent supervision over a subject, still, so far as actually controlled by the local board, it is a matter of municipal concern.

It is claimed by the appellant that the law is in conflict with many other provisions of our Constitution, and also that no provision being made for a suit to collect the tax, this action is without authority. Taking the view I have of the objections here discussed, it is not necessary to pass upon other objections.

I think the judgment should be reversed, and it is so ordered.

TEMPLE, J.

We concur:

SHARPSTEIN, J.

PATERSON, J.

#### CONCURRING OPINION.

I concur with Justice Temple. I am of opinion also that the statute in question violates Sections 31 and 32 of Article IV and Section 6 of Article XI of the Constitution; further, that the statute did not authorize, nor does it purport to authorize, the commencement and prosecution of the present action; and that the action is not authorized by any other law.

McKINSTRY, J.

We dissent:

McFARLAND, J.

SEARLS, C. J.

The *Standard* of Boston and the *Investigator* of Chicago have become illustrated journals. The portraits are good, for woodcuts, but whether they resemble the originals is another question.

### Suit for Mortgage Taxes.

THE CITY OF STOCKTON v. THE WESTERN FIRE AND MARINE INSURANCE COMPANY ET AL.; CAL. S. C., OCT. 29, 1887.

This is an action instituted by the city of Stockton to recover certain delinquent taxes which had been assessed upon a mortgage for \$35,000, executed by the Masonic Hall Association of said city to the Western Fire and Marine Insurance Company, on the 13th day of March, 1884, upon certain real estate and improvements.

The defendants demurred to the complaint on the ground that it did not state facts sufficient to constitute a cause of action. The demurrers were overruled, and the defendants failing to answer, judgment passed for the plaintiff, from which this appeal is taken.

The technical objections urged as to the form of the complaint are, it seems to us, not well founded. It is competent for the Legislature, in such special action as this, to prescribe the form of complaint to be used. (*Richardson v. Tobin*, 45 Cal., 34; *Sullivan v. Mier*, 67 Cal., 265.)

The form of the complaint filed in this action is that prescribed in Section 21 of the Charter of the city of Stockton, which was approved on the 27th of March, 1872. It was a general form to be used in all cases for the collection of city taxes, authorized to be assessed and levied under that charter. There is nothing in the record or in the Acts of the Legislature to show that prior to the adoption of the Constitution of 1879, that section was modified or repealed. There is no general law passed since that time which so affects it.

There is nothing before us which indicates that the city of Stockton, as a corporation, ever reorganized under the Act of 1883. (Acts of 1883, page 235.) It must be true, therefore, that as a matter of law the form of the complaint is not obnoxious to anything contained in Section 6, Article XI, of the Constitution of 1879. (*Thomasson v. Ashworth*, 14 P. R., 618.)

But the further point is made that the complaint makes it patent that the tax was illegally assessed, because it was done after

the first Monday in March of the year 1884. In support of this contention Section 8, Article XIII of the Constitution, is cited. It provides that:

"The Legislature shall by law require each taxpayer in this State to make and deliver to the County Assessor annually a statement under oath, setting forth specifically all the real and personal property owned by such tax-payer, or in his possession, or under his control, at 12 o'clock meridian on the first Monday of March."

It is true that the complaint shows the mortgage was not executed until the 13th of March, 1884, and therefore it could not have been assessed for taxation on the first Monday in March of that year. But it does not follow from this that the assessment was invalid.

The Charter of 1872 provides, among other things, as follows:

"SEC. 15. The City Council shall have full power and authority to assess, levy and collect annually taxes upon all the property within the city taxable for State purposes, not exceeding one per cent. upon the assessed value thereof, which shall be paid into the General Fund for current expenses.

"SEC. 17. It shall be the duty of the City Assessor to prepare between the first day of January and the first Monday in April of each year, and present to the City Council, with his certificate of its correctness, a list of all the real and personal property within the city taxable for State and county purposes, with a true valuation thereof."

The assessment in controversy was made under the authority given by the sections of the Charter of the city of Stockton *supra*, which existed prior to the adoption of Section 8, Article XIII of the Constitution.

This Court, in discussing the character of charters such as the one under consideration, said in *Desmond v. Dunn* (55 Cal., 246-48): "All such charters must remain in force until superseded or changed in the mode prescribed by the Constitution. In the absence of any positive provision to the contrary, this is necessarily implied;" and this particular rule thus laid down has not been overruled. In *Thomasson v. Ashworth*, the latest declaration upon the matter, this language occurs:

"It is argued that, according to the views herein expressed, a city may have its charter changed without its consent. This is a proper deduction from the ruling herein,

but this cannot be done by a special or local law applicable alone to a particular charter. The result can only be reached by a general law affecting all corporations, or may be all of a class."

We do not mean to imply that the Legislature, even by a general law, can substitute an entirely new charter for an old one without the consent of the people of the locality. To that extent we understand the decision in *Desmond v. Dunn*, to be the law.

It would seem, therefore, under Section 6 of Article XI of the Constitution, that the sections of the charter heretofore quoted are continued in force.

And Section 8 of Article XIII of the Constitution, having reference to prospective assessments for taxation, does not affect the sections of the charter, *supra*, because they were in force prior to its adoption, and are continued in force by Section 6 of Article XI of the Constitution until modified or repealed by some general law enacted with reference to "all corporations, or may be those of a class."

There is nothing in the complaint which makes it evident that the money assessed for taxation was not within the limits of the city of Stockton on the first Monday of March, 1884, and there being no answer filed in the cause, there is nothing in the record which shows that any double taxation was in fact levied.

The judgment is affirmed.

### Recollections of Shipping Business in Liverpool Forty Years Ago.

FROM A PAPER BY REUBEN HALL, READ AT  
THE RECENT MEETING OF THE INSURANCE  
INSTITUTE OF NEW SOUTH WALES.

The growth of the dock accommodation of Liverpool has been something extraordinary. I can hardly remember the time when the dock trustees were not either enlarging old docks or constructing new ones, and sometimes both operations were going on at the same time. In the two decades of my personal knowledge the number of docks must have been doubled. It must be remembered that the building of large

docks is a comparatively slow process, and costs immense sums of money. So great was the demand for dock accommodation, that a rival dock of great size, called the Great Float, was constructed at Birkenhead, on the opposite side of the river, to divert the traffic from Liverpool; but it did not succeed as a financial speculation, and eventually fell into the hands of the Liverpool dock trustees. The Albert Dock was the first one erected with free and bonded warehouses surrounding it, in which cargo could be stored without the trouble and expense of cartage.

Forty-five years ago the ocean-carrying trade was effected in wooden sailing ships, the maximum size of which was about 1,600 tons. The once celebrated American clippers were things of beauty, so far as model was concerned. These were principally used in the passenger trade to North America and Australia, but being built of soft wood they did not last long.

I remember two vessels, the *Ann Bridson* and the *Templeman*, leaving the Mersey on the same day bound for Valparaiso, and they both arrived at their destination within a few hours of each other, and, strange to say, had never sighted each other during the whole voyage. Another singular circumstance was the case of the brig *Royal Exchange*, which left Liverpool bound for Callao. After being several months overdue, with no tidings of her, she was posted at Lloyd's as a missing vessel, and the underwriters paid all the claims of insurance. To the surprise of everybody, and to the delight of the relatives of the survivors and of the underwriters, she put in an appearance at Callao twelve months after leaving Liverpool. It appears she had met with bad weather off The Horn, the captain had been washed overboard and drowned, and the rudder got unshipped and was lost. The chief mate proved equal to the emergency, and rigged up some temporary steering apparatus, by which he managed to get the vessel to the Falkland Islands. Here she was repaired, after which the voyage was resumed. Nothing was heard of her in the meantime, because at that period these islands were very little

frequented, except by whaling vessels, for the purpose of effecting repairs and getting supplies of fresh provisions. The mate was handsomely rewarded by the underwriters, and the owners appointed him to the command.

It was about half a century ago that ocean-going steamers built of iron came into use. At first great were the doubts about the possibility of their crossing the Atlantic with safety; and when one of the pioneers, the *President*, was lost, these fears seemed to be confirmed. Some people said that she must have broken her back on the top of an Atlantic wave. The *Great Western* and the *Britannia* continued to make regular voyages without any serious disaster. The former vessel was subsequently purchased by the West India Steamship Company. The early ocean steamers were all paddle boats. The *Great Britain* was the first innovation in the form of a screw propeller, and a great advance on her predecessors in regard to size. But to show what mistakes were made in those pioneer days, I may mention that she was built in a graving dock at Bristol, and when she was ready for floating it was found that the gates were not wide enough to let her out, and the exit had to be widened for this purpose. The blunder was on a par with that made by the designer (Brunel) and the builder (Russell) of the *Great Eastern*. The stocks on which she was built were so far away from the river Thames that it cost as much to launch her as it did to build her. It is difficult, under entirely strange circumstances, to provide for every contingency, and some are never thought of until we are brought face to face with them. The *Great Eastern* has been a gigantic failure both as a financial speculation and as a production of marine architecture.

When the *Great Britain* was launched she was taken round to London for exhibition as a marvel of engineering skill and daring. Her first ocean voyage was across the Atlantic to America. For the first trip or two great diffidence was manifested by the traveling public as to her safety. Confidence was gradually being established, when one day, after leaving

Liverpool, the startling news was received that she had gone ashore in Dundrum Bay, on the Irish coast. Her passenger list on this trip was much larger than on any previous voyage. Most, if not all, of the passengers and crew were saved. But every attempt to get her off was unavailing, and the noble vessel had to be left there a whole winter. Considerable expense was incurred in building a coffer-dam to protect her from the winter gales. The ordeal she went through, however, redounded to the credit of her builders, by proving the sound and faithful work they had put into the ship. When a high spring tide favored the attempt, she was floated again, to the delight of everybody.

Somewhere about forty-five years ago there commenced a revolution in the proportions of ships. Up to that period they were relatively much shorter than they are now. There must have been a reason for this great change. It has been stated that a Dutch shipowner was curious to know whether the proportions of Noah's Ark would be an improvement on the style of ship-building then in vogue, and in order to satisfy himself on this point he had a vessel built on those proportions—the length being six times the breadth. It must be borne in mind that the undertaking was a very bold one in those extremely conservative times. The result justified the experiment, for it was a great success both as to carrying capacity and speed. Although Noah's Ark was not built for sailing purposes, yet it was thought there might be something in its proportions worth testing. After the Dutchman's success, the practice of lengthening ships in proportion to the beam came rapidly into fashion among ship-builders, especially in the case of ocean-going steamers. This practice has been going on since, until now we have ships in which the length is ten times the breadth. Ship-builders have gone to the other extreme. It may be that the excessive length of some of the "ocean greyhounds" of the present day endangers their safety. At any rate I have noticed that sometimes when a vessel has an exceptionally wide (proportionately) beam,

it is duly advertised as an advantage in promoting the comfort of the passengers, on the score of steadiness in a sea-way. I suppose that this extreme length is only possible in iron and steel-built ships. The needful strength could not be obtained in wood without dangerously increasing the weight, because of the decreased buoyancy. During the last half century iron has nearly superseded wood in the construction of all large vessels. It has done so entirely in the case of steamships.

### An Incendiary Dog.

The fire which partially destroyed North Bloomfield last Saturday, says the Grass Valley (Cal.) *Tidings*, was first discovered at 5:30 A. M. Incendiarism was suspected, and this supposition was strengthened by finding in the roadway a broken kerosene can of the gallon measure and a lantern, also broken. The clues were followed up and finally it was discovered that a miner named Jonathan Decker had possessed a lantern similar to the broken one found. Decker was called upon by a committee of citizens and charged with being an incendiary. His haggard appearance and nervous trepidation did not speak well for him, but he was given a fair opportunity to disprove the charge, his previous conduct having been most exemplary. Decker, thus encouraged, told the following strange tale, which he was enabled to verify:

"I started to go to the mine at 5 o'clock this morning, and because of the darkness and the fact that I had to travel a distance along a mean trail, I carried my lantern. I also carried a gallon can of coal oil, purchased the night before for use at the mine. When some distance past Morrison & O'Connor's store I was suddenly assailed by a large and ferocious dog, and unthinkingly struck him with the oil can. The spout of the can was broken and I guess some of the oil was poured over the dog. He made at me again, jumping at my throat, and I probably struck him with the lantern. Anyway the lantern was broken and in a moment the dog was a flaring, howling ball of fire. After he turned the corner I could not see him and I determined to keep on

and go to the mine. From there I saw the flames and realized that the dog had caused the fire and that I was in a measure responsible. I have since been revolving in my mind whether or not to tell, but I feared the consequences."

On account of Decker's good name and general character the strange story was given more credence than one would think possible, and the fact that the charred remains of a dog were found in the ruins of Morrison & O'Connor's store was then seen in a new light. A teamster, owner of the dog, next came forward and stated that at the hour mentioned by Decker he had heard his dog howling as though in great pain, but supposing he had been merely struck by somebody did not arise and investigate. Others came forward with statements of one nature and another, and the whole bore testimony to the truth of Decker's tale.

### Baleful Co-operativism.

The opinion has more or less prevailed that the assessment concerns would work no detriment to life insurance, and that as their fallacies, insecurity, and uncertainties became manifest legitimate life insurance would appear brighter by the contrast, and further, that assessmentism would bring many towards an approach to life insurance who otherwise could not be got there; but now there are statements to the contrary. At the October meeting of the Life Insurance Association of New York, W. W. Byington said, "There is no greater curse in this country to day than coöperative insurance [*sic*]. Every man insured [*sic*] in these societies is bound to turn up a hater of life insurance sometime." The COAST REVIEW says as to the Pacific coast: "The coöperatives are building a thick and high wall of prejudice against legitimate life insurance." The first may mean that the disappointment with coöperativism will react upon life insurance. The second does mean that the coöperatives are waging an active and effectual war against life insurance. The first indicates a future detriment, the second a present detriment. That coöperativism should antagonize life insurance is all the better; the great evil to be dreaded is a

seeming alliance or coalescence between the two, such as the holding of them to be "two systems" of life insurance, or the treating them as "old line" and "new line" life insurance. Coöperativism as co-working with life insurance would be depraving and disastrous. There are doubts whether we have merely the collection of the rags out of which the paper is to be made. There are beliefs that the existence of coöperativism is positively inimical to life insurance. If this can be substantiated the evil must be met by the direct antagonism of all that there is of life insurance, an antagonism worthy of its source in scope, reach and adaptation to ends to be effected.—*American Exchange and Review*.

### A Sensible Parson.

To life insurance a higher interest attaches than to fire insurance, because it is more directly connected with moral qualities and moral developments. It is, perhaps, too professional to remark that the same word applies to the saving of money and to the saving of souls, and yet there is a good deal in it. Why, if one were to go down into many parts of this city he would find many people to whom the beginning to save would be the beginning of salvation. I remember a poor old woman whom I had known in the very depths of degradation, and the first steps in whose redemption to be a good, sober, honest, Christian woman were when I persuaded her to put twenty cents on to a savings card. That made a new woman of her, and she began to make progress forthwith to something higher and better. And that is how it is all through life. I very heartily believe in this life insurance, for I think it is entirely in the line of all the higher progress of life. I have heard people say that it was "against the command of Scripture to take any thought for tomorrow;" but the revised version shows us that the real words were, "Be not anxious about to-morrow," and you will agree with me that there is no greater safeguard against being anxious than to take a little thought for the morrow, and make some

provision in the way in which you life insurance gentlemen are interested in ministering to the public.—*Rev. B. Hereford*.

### What Show has the Beneficiary?

While the regular insurance companies are seeking to remove every vexatious and unnecessary restriction from their policies, says the *News of Philadelphia*, assessment companies and other irregular insurers are crowding their policies full of them. A Western Odd Fellow's Co-operative Insurance Company has printed on its policy these conditions of forfeiture:

1. If the insured shall die as a result of any bodily infirmity or disease, existing either prior or subsequent to the date of the card.
2. If he shall die by reason of any surgical operation, or as a result of any medical or mechanical treatment.
3. If death results from the use or handling of gunpowder, or other explosive substance, by lifting, or by over-exertion, or as a result of any war, riot, or invasion, no matter how free from blame his conduct may prove to have been, the insurance is void.
4. If death result from poison administered in any manner or form, no matter how or by whom; whether it be the innocent error of physician, druggist or nurse, or by the design of some evil-hearted person; in either event the insurance is void.
5. If the insured be sick, and does not take promptly the medicine prescribed by the attending physician or medical adviser of the association, and death ensue, whether as a result of such failure or not, the insurance is forfeited.

The man who would subscribe to these conditions would be an odd fellow indeed.

### Spontaneous Combustion of Petroleum.

An erroneous opinion, says the *Petroleum Topic*, has prevailed with underwriters, insurance and mercantile companies in reference to the supposed risk involved in the storage and manufacture of petroleum oils, sometimes subjecting the manufacturer and dealer to an extraordinary rate of insurance, assuming as a cause for this additional rate, that petroleum and its products are more liable to ignite from spontaneous combustion than those manufactured from animal and vegetable oils. This is not the case; on the contrary, fatty oils are much more dangerous, while petroleum

lubricating oils are really the only safe ones. The evidence is so positive in its character and coming from such various and responsible sources, it must be accepted as a conclusive fact that most of the oils of animal or vegetable origin are productive of spontaneous combustion, while it is impossible to cause spontaneous combustion with any petroleum oils, especially for purposes of lubrication. Where metal is working upon metal, it was always considered that sperm oil was the best, lard oil second, neats-foot oil third, and tallow fourth. And the best grade of animal oil is that which contains the least stearine and no free acid. But now petroleum heads the list, and consisting of hydrogen and carbon, is eminently fitted for lubrication, as it contains none of the destroying element, oxygen. The average quality of petroleum oils has been much improved of late years, partly for the reason that consumers have exacted a better article, and partly because of the competition of dealers, who have marketed their oils on their merits.

It is, we think, not too much to hope that within the next five years, or even less, the qualities of pure petroleum lubricating oils may be so far improved that, with improvements in the shaft-bearings of machinery, and some provisions against accidental over-heating, all lubrication may be possible with petroleum alone.

Petroleum cylinder oils, so made that they will do the best work in any or all engines, are the result of much scientific and practical study, and the processes of their manufacture are very complicated. They contain no acid and cannot develop any by heat or work. Thus we find petroleum lubricating oils have peculiar and distinctive qualities to recommend them—great heat-resisting power, freedom from all acid qualities, freedom from all tendency to gum, their remarkable property of spreading on heated surfaces, and, therefore, free from spontaneous combustion.

Now, what we have mentioned above as to petroleum *v.* vegetable oil, are facts pure and simple, and we would consider it good paying policy on the part of the insurance world to look into this matter more fully.

### Liability of a Co-operative Member.

In the recent case of *Baker v. N. Y. State Mutual Benefit Association*, before the Supreme Court of this State, the loss-claimant insisted that the association had treated the member who had defaulted as liable for his dues, and that it was therefore itself liable for the claim. In its decision on this point the court used the following language:

Reference has already been made to the provisions of the application, certificate, and by-laws. While the first has a provision that the contract will become void on default of payment, it also contains an agreement to pay all dues and assessments until the member should give notice of his wish to withdraw. The second requires compliance with the stipulations in the application as a condition to its continued validity and effect.

The construction of the contract, in view of the provision of Section 1 of Article 11 of the By-Laws, that the "member shall be held liable to the association for all dues and assessments until such time as he shall have given notice of his desire to withdraw," and the provision of Section 1 of Article 13 of the By-Laws, that in case of neglect to pay any dues and assessments as required by the trustees, "such membership shall cease and determine at once without notice, and all claims be forfeited to the association," seems such that it is optional with the defendant to terminate or treat as terminated the relation as member of one who is in default, or to continue him in the relation of membership and charge him with liability to pay dues and assessments until he gives notice of his purpose or desire to withdraw from the association.

Here were two prominent stipulations, first, that the contract should become void for non-payment; second, that the insured would pay all dues until he gave notice to the contrary. The court declares that under these stipulations the society could hold him to a continued liability until he gave the required notice. Now, remove the provision requiring notice from the insured. It is absent in many of these co-operative contracts, and we have the legal status of a large percentage of co-operate members. The Supreme Court of New York says in such cases that the company may refuse to release them, and may continue to hold them to the terms of their membership. This is undoubtedly as it should be. Men who thus undertake to be responsible to each other's families should not be permitted at their own sweet wills to abandon their undertakings just when their asso-

clates most need their aid. But now many co-operative members know that such is the law, and that they are assuming such liabilities?—*Monitor*.

### How Does He Steal?

Some men may ask me this conundrum, What right has the commonwealth to say for what price a life insurance company shall sell its goods any more than it has to say for how much the merchant shall sell his goods? When the grocer sells you a pound of sugar, he sells something that he owns, to which he has a right, and which he can dispose of. And when he transfers that ownership he parts with something that has been his own; he sells something that has become another's. How is it when you induce a man to insure? Have you parted with anything? When you as an agent of a company induce a man to insure, have you sold him anything? have you parted with anything? has the company transferred anything? No. You have simply invited a man into a truly co-operative society, and when he becomes a member of that co-operative society he has helped to insure every other member of that society, and every other member insures him. When an agent offers a rebate to a man to induce him to insure he is stealing from some other policyholder, and the majesty of the law should come in and stop that practice. Don't let the legislature adjourn this winter until New York shall stand with Massachusetts and this damnable evil be eradicated. —*Dyer*.

### Earthquakes in California.

Prof. Holden lectured on this topic at a recent meeting of the Academy of Sciences in this city. In the course of his lecture he said:

On the hypothesis that earthquakes are the result of natural laws which operate quite regular, it may be fairly presumed that the period of a century would give the extreme limit of the result of the action of the laws.

Learning from reliable history and observation the maximum strength of earth-

quakes that have taken place in California during the past hundred years, there can be formed data with a vast deal of confidence to predict what their maximum strength will probably be during 100 years to come. It would be no difficult matter to provide against serious damage from earthquakes by constructing buildings so that they shall be proof against any such shock of earthquake as has occurred in California during the past century. Reasoning from historical facts, the earthquakes of California are not so much to be dreaded as is generally supposed, and they are far less dangerous to life and property than are the hurricanes of the South or summer tornadoes of the North.

The earthquake of 1872 was considerable more severe than the shock of 1868, and would be taken to represent the maximum severity of any shock which has actually occurred in California during a century.

The destructive earthquakes in California during the years 1769 to 1887, show an average of eleven shocks in 118 years, taking the State together.

Twenty-four exceptionally heavy shocks have occurred since 1800, or one every four years, and for any particular locality the number of shocks really heavy is quite small.

In San Francisco there have been three destructive earthquakes, and four very heavy ones during a period of 100 years, while there have been at least 250 slight shocks and tremors.

Confining attention to any part of the State the number of really heavy shocks occurring, there will seem to be very few, and when the whole damage to life and property produced by all California earthquakes is taken into account, it is clear that the earthquakes of a whole century in California have been less destructive than the tornados of a single year in less favored regions.

The liquidator of the Standard Fire Office, in London, is informed that this journal holds an unsettled claim against the company, and would be glad to hear from him relative to the same.

### The Mill Mutuals and the Stock Companies.

The mill mutuals of the East have been encroaching on the business of the stock companies, as regards several varieties of special risks. This they have been enabled to do by the lower rates which have been justified by their system of inspection and prevention and the co-operation of property-owners. In the term "mill mutuals" we include those mercantile and factory mutuals which are conducted on similar principles.

Several of these mutuals present notable examples of the success, not of the mutual system of fire insurance, but of the insurance of special hazards under a system providing for the active co-operation of the policyholders or members with the insurance company. Their methods may be easily applied by the stock companies, with every assurance of equal benefits—of reduced losses and lower premiums. We think that greater benefits would be derived from the application of the "mill mutual system" by the stock companies to factory and mercantile risks, because the surveys would be better, the experience would be greater, the organization would be more thorough, more general and earnest co-operation could be exacted, and the risks would be so widely distributed as to reduce the average loss to a minimum, and insure some uniformity as well as moderation in the cost.

The New York Board of Underwriters has undertaken to meet the competition of these high-class mutuals, and will "see" them and go them one better in recognizing and co-operating with every effort to reduce the fire hazard. A committee has prepared a report on the subject for the board, which has accepted it with a few minor alterations.

The adopted report provides for the creation of a committee of twelve, to be known as the "protective committee." When a property-owner—merchant or manufacturer—has complied with the requirements of this committee in the construction and protection of any building—with the automatic sprinkler or otherwise—the said building

is to be classed as "protected," and is to be subject to frequent surveys.

This "protective committee" is authorized to negotiate for lines of insurance on "protected" risks, to fix the premium rates, to prescribe conditions, to adjust losses, and to cancel any policy. All such "protected" policies must include a co-insurance clause. Lines are to be distributed among the companies according to the maximum specified. Any company is at liberty to reinsure an undesired risk apportioned to it, and may withdraw from the agreement on giving ten days' notice.

This novel experiment ought to succeed, for the co-operation of the companies will reduce the expenses, and the co-operation of the property-owners will reduce the losses. If it should fail, either in reducing rates satisfactorily, or as a compact of underwriters, the mill mutuals will cut a larger swath than ever, and the New York underwriters will have to take lessons in compact management from their San Francisco confrères.

### Lloyd's Policies Not Always Good.

Lloyd's, as every underwriter knows, is not a company, but a collection of individual underwriters in London. Lately many members have been dabbling in fire risks, and some have been so badly burnt that they have failed to pay claims. Each member of the association is supposed to have a deposit with the controlling committee, as a security for his contracts; but according to an English exchange this deposit can be drawn upon only for the payment of marine claims; and, moreover, the deposit is not always exacted. Recently three Lloyd's underwriters suspended payment, leaving numerous fire claimants in the lurch. The estate of one may declare a dividend, but nothing can be collected from the other two. There has recently been much and very loud complaint about the quibbling and compromising spirit displayed, in the settlement of claims, by the Lloyd's fire underwriters.

Following is Lloyd's form of fire policy:

Be it known that....and....of....have paid.... shillings per cent., premium or consideration to

us, who have hereunto subscribed our names to insure from loss or damage by fire, for the space of twelve calendar months, commencing at 4 o'clock P. M. on the....day of....188. and ending at 4 o'clock P. M. on the....day of....188. on stock as below.

Now know ye, that we the insurers do hereby bind ourselves, each for his own part, and not one for another, our heirs, executors and administrators, to pay to the said....and....their executors, administrators and assigns, all such partial damage, and loss by fire, not exceeding the sum of ....pounds.

£....On their stock of merchandise, etc., etc., ....contained in....and known as....

Permission is given to make ordinary alterations and repairs, without prejudice to this policy. Other insurance permitted.

In the event of loss or claim, to follow the settlements of the English and American fire insurance companies; should a higher premium than ....shillings per cent. be paid to any assurers on the property hereby insured, during the currency of this policy, it is hereby agreed that the underwriters hereon shall receive the full benefit of such higher premium.

### Kansas Business.

Sixteen years of fire business in Kansas, from 1871 to 1886 inclusive, give an average premium rate of 1.62 and an average loss ratio of 37.53. The premium income has risen from \$319,015 to \$2,049,827, and the amount written, from \$22,528,401 to \$120,046,035. The total premiums for the sixteen years were \$12,950,913, and the losses for the same time were \$4,950,144. The average loss ratio has been as low as or lower than any other State. It is worthy of note that in the dry years the losses doubled. The years 1873 and 1874, particularly the latter, were very drouthy, and the loss ratios were respectively 56.52 and 74.62 per cent. of the premium income. In the following year, 1875, which was a year of rains and luxuriant crops, the loss ratio was only 35.19 per cent. There was a drouth again in 1881, and the loss ratio rose to 47.57. The present year has been a dry one in Kansas, and it would not be surprising if the losses were comparatively high.

That the moral hazard contributed largely to the losses in the less fortunate years is attested by the fact that the drouthy years show large loss ratios, not in proportion to the extent and degree of the drouth,

but in proportion to the "hardness of the times." The old settlers will long remember 1873 and 1874 as black years of poor crops, hard times, and bitter struggles. Those were the years of the highest loss ratios. In later years there were as bad failures of the crops, but the people had grown rich, and the loss ratios bore no such proportion to the drouth as in former years. The prosperous years are no longer offset by the disastrous years, and the moral hazard of the dry years will become less and less an element to be considered in the writing of risks.

The low average loss ratio of 37.5 per cent. for sixteen years, in a pine-frame prairie State like Kansas, is something to marvel at. It is true that it is an agricultural and grazing State, but the land is dotted with small towns, and there are several cities of from thirty to forty thousand population. The absence of large cities, with their superior fire department and moderate loss ratios, really adds to the marvel of the low average loss ratios of Kansas.

### Adjusters' Stories.—No. 2.

#### A COOL AND STUBBORN CLAIMANT.

Many years ago I was ordered to settle a loss in a large town in a Western State, after my co-adjuster had failed to adjust the same satisfactorily to the claimant. The policy was for \$4,000, and a total loss was claimed. The property insured was a small agricultural and implement factory.

I called upon the claimant, whom I will call Jones, because that was not his name. He was expecting me, he said, and greeted me very cordially; but the thought of an easy settlement in the company's favor was speedily dispelled by the cool and resolute manner in which he declined to settle upon any other basis than that of a total loss. Jones had included in his estimates the manufacturer's profit, and it was in vain that I cited usage and legal authorities against the payment of a loss in excess of the cost of a manufactured article. He would not abate his claim one cent, conceding neither a moderate salvage, nor the rejection of the profit item.

We separated for the day, and I returned to my hotel, hoping that my stubborn claimant would be less stubborn on the morrow. The next morning I called on Mr. Jones, and informed him that I felt authorized to tender him \$3 500 in full settlement of his claim. I hoped that at least he would offer to compromise, which would have been a welcome confession of weakness. But if his smiling but firm refusal was somewhat exasperating under the circumstances, what shall be said of my feelings when he said, "You, Mr. Z., evidently have little confidence in your company's paper; I, on the contrary, believe it to be worth dollar for dollar. I hold the policy of your company for \$4,000, and I believe it worth \$4,000, and therefore shall not take one cent less." This was presenting the matter in a novel light. Nothing was left for me to do but to gather up my papers and go my way, and report my failure to my principal.

A few days later I received orders to return to J's town and settle for a total loss.

"Well, I am back again," I said, as I entered the presence of the complacent Jones.

"I was expecting you," quietly replied he, directing me to a seat.

"The company has decided to pay your claim in full."

"I knew they would—I never doubted it," came from behind the desk, where Jones was looking for the policy. "That Blank company of yours, Z., is a first-class one," he added, as he laid the policy upon the table before us.

I drew forth a draft on a New York bank for \$4 000 and offered it to Jones, but imagine my surprise when he refused to accept it, and gathered up his policy with the remark that the company had contracted to pay him "in currency." Did Mr. Jones question my honesty? or the solvency of the bank? "I question neither," he smilingly answered.

Evidently it was Jones's intention to put the company to as much trouble as possible because it had refused to admit a total loss at first. It was quite impossible for me to procure so much currency, and

so I "shook the dust of the town from my feet" in a subdued rage, yet half admiring the cool, impudent independence of the claimant who had balked me and defied the company.

I speedily received orders to go to Jonesville—I will call the town that—and pay Jones \$4,000 in currency, which would be expressed to me from St. Louis. I had secretly hoped that the company would reconsider its offer to settle on the basis of a total loss, and so I entered Jones's office with less *esprit du corps*, chin-in-air style than formerly. I had been beaten completely by the coolest, don't-give-a-continental claimant I had ever met, and I felt crestfallen when I said, "I've come to pay you your \$4,000 'in currency,' Mr. Jones, and here it is." The currency was duly counted. There was exactly \$4,000 in the pile of greenbacks which Jones pushed back to me, with the statement that there was not enough, for he must add interest for the ten days which had elapsed since the money became due. The cheek of the man did not quite paralyze me: I had strength enough left to carry me to the telegraph office, where I remained until a telegraph order came from my principal to pay the interest out of my own purse and charge it to the company.

Mr. Jones was "expecting" me, of course, when I returned, "but," he added, "you need not have hurried yourself, for I am in no hurry!" And I don't believe he was.

### Crude Petroleum Storage.

The petroleum oil men want section 61 of the fire ordinance amended so as to permit the erection of tanks, under general conditions, without the necessity of obtaining permission upon each occasion. They also want the flash-test lowered to 80 degrees. It is claimed that small tanks must be used, and this necessity requires their frequent construction.

The underwriters have filed with the Supervisors proposed amendments prohibiting the storage of crude petroleum or its products in quantities of more than 100 gallons (unless in metal cans), and to use or keep crude petroleum as fuel, except by

permit from the Board of Supervisors, is to be declared unlawful. The petroleum when so stored is to be of a temperature not less than 90 degrees Fahrenheit before it emits an inflammable vapor. The storage tanks of the crude petroleum are to be buried underground and in such spots that in case of accidents they do not endanger property. The tanks are to be constructed of boiler iron. Supply tanks are to be emptied into the storage tanks at the close of each day's work. Steam pipes are to be fitted into both supply and storage tanks in order to guard against fire. The Chief Engineer of the Fire Department and the Fire Marshal are to test the quality of the petroleum and to have full power to examine or enter into premises where the petroleum is stored, and also to generally enforce the provisions of the amended ordinance.

### WALNUTS.

Secretary Smith, of the Union Mutual Life of Maine, has resigned, because of ill health, and has been succeeded by Arthur L. Bates, who has been in the service of the company for eighteen years past. Secretary Smith had been connected with the Union Mutual for a quarter of a century.

Knowlton Bros., marine agents at St. John, New Brunswick, have been appointed to represent the California Ins. Co.

Four fire alarms have been sounded in New York theatres within the past two months, without a panic, an accident or a fire.

Dronth and forest fires in Kentucky.

The *Australasian Record* is authority for the statement that Thomas Lockwood, local manager of the Queen at Sydney, and for nearly nineteen years with that company, "has been appointed secretary, general manager's department, with headquarters in Sydney," of the Mutual Life Insurance Co. of New York.

The Phenix of Brooklyn, the National of Hartford and the Queen of Liverpool, have formed a combination to write "protected risks" in New England. The mill mutuels are not to have all such risks.

The Equity Life Reserve Fund hat-passer of Toronto has failed. Next!

Two circuses were burned last month—one in New England and the other in Old England.

The *Insurance Record* of Melbourne is doing additional service to underwriting interests by printing the papers and discussions of the colonial underwriters' associations.

Life brokers in Adelaide, South Australia, are paid commission concurrently with the payment of the premium, quarterly or otherwise.

A fire in Memphis, last month, destroyed 13,200 bales of cotton and two compress buildings, causing a loss of \$630,000.

The Insurance Commissioner of Connecticut has ordered the moribund Continental Life Ins. Co. of Hartford to discontinue the writing of new policies and the payment of dividends. The liabilities of the company now exceed its assets.

The People's, a New Orleans wildcat, has suspended.

Twenty-six fires, nearly all incendiary, occurred in St. Louis recently within fifteen hours.

The Dry Goods Credit Guaranty & Indemnity Co. has been incorporated in New York. There was formerly such a mercantile credit guaranty company represented in San Francisco.

The receipt of a pension under a government accident policy is said to demoralize German workingmen, and idleness soon entitles them to the maximum pension.

New Hampshire now has a fire inquest law. It needs it, for the losses are increasing alarmingly.

The automatic sprinkler has a warm friend in Atkinson, the statistician and insurance dabbler. Is he interested in the patent?

Fire losses in Boston have fallen off 28 per cent. this year, and the companies are a gainer 20 per cent.

The King Ins. Co., with \$500,000 capital, is organizing in London. The name will be a more appropriate one some day.

The New Hampshire Insurance Commissioner is to be a censor of rates, but his

power is limited to a recommendation of a reduction.

The prospectus of the Automatic Insurance Box Company has been circulated in England, and the American rights have been sold. The "machines" are to be operated like the weight scales in this country: you drop in your coin and draw out your accident policy for \$500, good for one day.

It is reported that Von Scheurer, the "French" life insurance swindler, has killed himself. As he had no policy on his life, the truth of this report is to be doubted.

The Mormons are to be "blown up" in reality. Natural gas has been found at Salt Lake City, and a company is boring for paying quantities of it.

We are confronted with the fact that nine-tenths of the possible receipts of the fire insurance companies from St. Louis in 1887 have already been paid out for losses in this city to date, with more than a month of the worst season of the year to hear from.—*St. Louis Examiner*.

Twenty-six hundred and sixty-six risks have been inspected by the Boston Board of Fire Underwriters since July 1.

The German-American wild-cat of New Orleans is dead.

Two earthquake insurance companies are organizing in South Carolina.

The New York Insurance Department has officially announced that the Phoenix of Brooklyn has an unimpaired capital of \$1,000,000.

The New York life underwriters have a black-list of disreputable solicitors.

In Scottish courts the plaintiff is a pursuer and the defendant is a defender.

People who think gasoline harmless are referred to the explosion of that inflammable oil in St. Louis last month, whereby a two-story building was lifted from its foundation and fell in ruins, burying seventeen persons, of whom eight were taken out dead. The surrounding buildings were gutted by the blast. The gasoline was kept in a cellar.

A celebrated German physician says: "Science has abandoned the existence of 'pyromania'—there is no mental disease which delights in starting fires. That an

insane person may suffer with pyromania is perhaps possible, but he must be already insane."

The Boston underwriters have constructed an elaborate set of rules for the safe use of electric lights.

The Joliet planing mill firm, charged with burning their mill in 1883 and sued by the California and other companies for the recovery of the \$100,000 insurance money, have been found not guilty. They have arrested the self-confessed incendiary, the ex-Superintendent.

Applications for \$2,225,600 new insurance were received in one day, recently, by the Equitable Life.

A Pittsburg woman has been frightened to death by gas—natural, not co-operative.

### A VARIETY SHOW.

THE CUTTING REMARKS OF OUR SCISSORS EDITOR.

To a request of the eloquent Dr. Hawks for an increase of salary, giving as his reason that his family expenses were increasing, an officer of the church replied: "Do not trouble yourself, the Lord has promised that He will care for the young ravens when they cry." "I know that," said the witty minister, "but nothing is said about the young Hawks."

Get an Accident Policy.

Cyclists ran over and injured thirty-eight persons in London last year. The fire engines ran over three persons, killing one, and the ordinary street vehicles ran over or knocked down 4,062 persons, of whom 113 were killed outright or died from injuries. In New York 2,000 persons are run over annually. The moral is obvious.

French Spoliation Claims.

The Court of Claims has disposed of the French spoliation case in the following rulings: Vessels, cargo and insurance must have been American. If the captured vessel was armed for defense only, with the usual complement of men for navigation, the fact of being armed is no bar to recovery. The blockade of the British possessions in the West Indies not being effective it was not to

be respected, and all American vessels captured by the French while attempting to enter those ports were wrongfully captured. The insurance companies, under these rulings, cannot collect claims for damages by French privateers after July, 1798, when the treaty of 1778 was abrogated. Claims for foreign goods will be allowed on seizures prior to 1798, under the old treaty.

#### How the Engine was Saved.

A very singular incident was noted in connection with a recent mill fire in Carlton, Mich. The building was burning fiercely, but the big engine which drove the machinery continued to run all through the blaze, and by that means was saved from destruction, though there was not a wall standing on any side of it when the fire had finished. The pumps were also running, and kept the boiler supplied, so there could be no explosion. It was a peculiar sight to see the engine driving away at a slashing speed in the midst of the flames, but the motion somehow saved it from fire. All the rest of the machinery was a total loss.

#### New Hampshire Insurance Laws.

The following is one of the laws passed at the recent session of the New Hampshire Legislature:

SECTION 1. It shall be the duty of the Insurance Commissioner to inquire into the cause of all fires in the State that he shall deem expedient to investigate, and he shall ascertain the cause of all other fires, so far as practicable, together with the actual loss and the insurance thereon, and tabulated and classified statistics of such results shall accompany the Commissioner's annual report.

SEC. 2. It shall be the duty of the Insurance Commissioner to hear any complaint from any citizen of an excessive rate of insurance, and if it shall appear that said rate is excessive and unreasonable, then said Commissioner shall recommend said rate reduced to a reasonable basis, taking into account the hazard and character of said risks and the means and appliances employed to protect said risk from fire.

#### Open Hatchways.

Judge Forsaith, in the Municipal Court last Wednesday, fined E. O. Holmes and H. W. Bigelow of this city, \$100 each, for having unprotected hatchways on the premises occupied by them at No. 2 Beverly street and 13 Haverhill street. This is the outcome of complaints brought by District

Chief Cheswell, of the Boston Fire Department, who found the hatchways of the defendants open and unprotected on the occasion of a fire in the above mentioned premises on the night of October 28, whereby Mr. Samuel Abbott, Jr., of the department, was severely injured by a fall. The decision is one of peculiar interest, as it fixes the liability of property-holders who neglect to properly guard their hatchways. --*Standard.*

#### They Earn Their Salt.

Everywhere underwriters have been the first to study into the new hazards of fire introduced by new processes of manufacturing and new plans for heating and lighting. Everywhere these have been given to the public and enforced with all the authority which could be brought to bear upon the insurance seeking public by those whose business it is to protect property owners from loss. In this matter the underwriters have often had to contend with the indifference and even hostility of those they intended to benefit, as well as of those whose interest lay in ignoring precautions which would add to the cost of their new appliances. The only criticism of fire underwriters which can honestly be made, is that they have not always lived up to their convictions. They should be very careful and very sure of their ground before making such regulations, and then a failure to comply would be followed by cancellation. — *Weekly Underwriter.*

#### New Use for Dynamite.

In Kansas City, Mo., recently, ruined walls were demolished with dynamite. They fell in heaps, and none of the surrounding houses damaged. The dynamite was hung in sticks on the walls, and its force was confined to them by sand-bags hung on the outside of the dynamite. When the fuses were lit the walls literally had the pins knocked out from under them and fell in a heap. Usually the work of weakening walls is done by inserting explosives in drills, but this work of drilling is dangerous, besides being slow and tedious. In one instance the dynamite did not even burst the bag of sand, but evidently exerted its entire

force against the wall. In this case the dynamite and sand-bag were suspended on pegs just below the arches of the second story.

#### New Zealand Item.

The classification of risks, which has been going on for a long time past in Auckland, is now completed, and has been well received by the companies all round. It is a very complete work, comprising an individual rating of nearly all the city. The detailed examination has resulted in some cases in a considerable reduction of the 25 per cent. all-round increase which was suddenly put on a while ago, and in no case has the 25 per cent. been exceeded, so that the classification really means a concession to insurers.

#### Rates Gone Mad!

The following instance came to the notice of the writer the other day: A Brooklyn property-owner applied for insurance during the existence of the Metropolitan compact. The rate was 18 cents; he declined to take it for five years, saying that the compact would be broken before that, and rates would come down. His prediction as to the compact was fulfilled, but it is to be doubted if he even hoped the rates would tumble as they have. His policy is about to expire. The company that issued it offered to renew it for one year at 10 cents. The offer was declined on the ground that he could do better. Whether this owner did "better" or not need not now be discussed, but the fact is, that a policy which covered a dwelling house, contents and stable, was issued for three years for 7 cents, and the broker who placed it was paid a 25 per cent. commission!—*N. Y. Review.*

#### Cost of an English Directory.

A pamphlet on insurance companies' boards has been issued in London, England. In it a statement to the effect that there are nearly three hundred insurance offices in the United Kingdom appears. The number of directors that preside over these companies foots up 3,000, and the aggregate payment to these directors is computed as being nearly \$3,750,000. The following propositions are announced as

being true: 1. A large board is not only useless, but wastes the time of the officials. 2. The influence of directors is very limited for the creation of business, and however exalted the director may be, his influence is very soon exhausted. 3. Half the number of the present directors would suffice, and the work of the board be done more efficiently. 4. Half the enormous expenditure ought to be and may be saved.

#### As They Do in Germany.

The holder of a railway accident policy, while traveling on a German railroad, had occasion to leave the carriage for a few moments, and when hastily returning fell upon the platform and dislocated his ankle. The insurance company refused to pay because the accident did not happen while "entering or leaving the cars," as expressed in the policy. The court gave judgment against the company, and this, on appeal, was confirmed by the *Reichsgericht Civilsenat*, which decision, *inter alia*, says: "Leaving the car is not ended the moment the passenger leaves the step for the platform; and the entering of a car does not first begin the moment he lifts his foot to place it upon the step of the car, but rather appertains to the space which the passenger must traverse in leaving, or again returning to the car, without it being necessary to go into an examination to find at what particular point the one act ceased and the other commenced."

#### San Diego's New Building Law.

San Diego is on the crest of the boom. The sounds of the hammer and saw are the sweet music which the people hear from morning until evening. Large and small buildings, stores, dwellings, warehouses and so forth, are in all the various stages of construction, and a population of 25,000 is confidently claimed for a town which two years ago had less than 5,000 and boasted only a harbor and a climate. The transformation has been like a work of magic or an Arabian Nights' tale, and the people, and the city dads and the city ordinances, and the fire department, if they had any, were all unprepared for the new condition of affairs thus suddenly imposed. But the

authorities have awakened to the necessity of suitable building and fire ordinances, and public sentiment and increased values will soon demand a good fire department. An important and comprehensive building ordinance has just been submitted to the board of city trustees, and we are informed that its passage may be considered a settled thing. A law of the kind is imperatively needed, for, in its absence, the architects and the speculators having been covering valuable ground with "veneered bricks" and frame shells which will greatly increase the fire hazard and discredit the city.

The new ordinance, which is a good model, is epitomized as follows. For the present the Fire Chief will be the building inspector, but it is the intention to create the office and provide a salary.

The ordinance will compel all buildings that are to be erected within the fire limits to be of brick, iron or stone, or of both or all, and such buildings must have side or party walls of brick or stone, that shall extend from the foundation through the roofs, forming fire walls. The covering of all roofs in the fire limits must be of metal, or asphaltum covered with gravel, or some fireproof composition, and all foundation walls shall be laid on a solid bottom, even if a bottom of driven piles must be formed. All foundation walls must be at least four inches thicker than the walls next above them and must be fourteen feet below the level of the curb—this distance being fixed as the standard depth of foundations for brick or stone buildings. Any person excavating or commencing foundations for a greater depth than the standard shall be responsible for damages to adjoining buildings, the foundations of which have been constructed to the standard depth. In frame buildings walls must be formed with studding, covered with weather-boarding, and in brick dwelling-houses of two stories the outer wall shall be twelve inches in thickness for the first story and eight inches for the second story. Three-story brick buildings must have foundations twenty inches in thickness, and the three stories above must have walls of sixteen

inches, twelve inches and eight inches, respectively. All brick buildings that are more than 100 feet in depth, without cross walls or proper piers, must have the side walls increased four inches in thickness more than is designated above. The outer walls for churches, theaters, foundries, schoolhouses, machine-shops and other buildings shall in no case be less than the thicknesses specified.

Theaters and opera-houses must face on a public street, and one entrance must be placed on each of the three sides of the auditorium. These entrances must not average less than 20 feet in width, and must be kept free and unobstructed. If a hotel or lodging-house is under the same roof it must be isolated by brick walls that must pass completely through the roof, forming a fire-wall. Carpenter shops and property-rooms must be separated from other portions of the theater by fire-proof ceiling and partitions. Fire-proof partitions must divide the roof into compartments not more than 25 feet in length, and substantial passageway must be erected within the roof for the conveniences of firemen. The roof over the stage shall have skylights equal in area to one-fourth of the roof, and these shall be arranged so as to open instantly on the cutting or burning of a cord. Every building used for public entertainments, and holding 300 people, shall have not less than two exits; when accommodating 500 persons it must have three exits, and for every 100 persons additional 20 inches additional space shall be made to said exits. Separate places of entrance and exit must be provided for each gallery, and stairways serving for the exit of 100 people must be at least four feet wide; if curved or winding, five and one-half feet wide. For every additional 100 persons nine inches must be added to the width of the stairs. Two independent stairways must be provided from the stage, and all inclosed stairways must be lathed with iron laths, covered with three good layers of mortar. Doors must be of wrought iron, or wood covered with sheet-iron, and all walls and partitions of the entrance, vestibule, auditorium, or any

room in any theater building, must be constructed of fire-proof material. A stand pipe with hose attachment shall be placed on each side of the auditorium and stage. These pipes shall be kept under pressure of water from the street mains, and shall connect with a system of perforated sprinklers to be provided on the stage and auditorium, by which the whole theater may be deluged—and all this fire apparatus is to be in charge of the fire department.

In no building shall any wooden beams or timbers be placed within six inches of any flue, whether it be a smoke or an air flue. All bricks used must be good, hard and well burned, and mortar used shall be composed of lime or cement, mixed with sand in the proportion of three parts of sand to one of lime, and two parts of sand to one part of cement, and no mortar shall be used within twenty-four hours after being mixed. No embellishments of wood shall be placed upon any brick building within the city, and the building inspector may order any wooden cornices or gutters on buildings taken down and reconstructed of fire-proof material. All walls of any brick, iron or stone building more than fifteen feet high shall be built up and extended at least two feet above the roof. All tin flues used for conveying heated air must be enclosed in a wall of brick or stone, or must be made double, that is, of two pipes, one within the other, and the space between them being filled with some fireproof material, and when any wall shall be lathed with wood the space between the lathing and wall shall be filled with plaster at the top and bottom sides of the floor beams of each story and the ceiling joist of the roof, so as to prevent the passage of fire. When stove-pipes pass through a wooden partition they shall be guarded by a double metal collar, with at least four inches of air space, or by a soapstone ring not less than three inches in thickness. Chimneys shall be made of brick, stone or patent pipes, and shall extend at least two feet above the fire wall. No brick smoke flues shall be less than 12x12 inches in the clear, and for 3-story buildings the flues shall be 8x16 inches. Bakers' flues must be 12x12 inches in the

clear. Elevator shafts and light wells must be inclosed with three coats of plaster over iron laths, and light shafts shall be covered with heavy wire netting sufficiently strong to bear a weight of over 400 pounds. All store buildings over one story in height shall be supplied with fireproof scuttles, which shall have ladders leading to them, and when a building has been damaged by fire to the extent of half or more of its value, it shall be removed.

### Foreign Corporations.

The recent decision of the Supreme Court of this State in the case of City and County of San Francisco v. Liverpool & London & Globe Ins. Co., elsewhere reported in full, is in many respects a most interesting and important decision to the insurance fraternity. The particular clause of the Constitution of California held to have been infringed upon by "an act to require the payment of certain premiums to counties and cities and counties by fire insurance companies not organized under the laws of California, but doing business therein, and providing for the disposition of such premiums," will not be found in the constitutions of many other States; and so far as that branch of the case is concerned, it is almost solely of local interest and importance. The immediate effect of the decision is to relieve foreign insurance companies of an exaction, which, on the basis of their returns for the past year, amounts to about \$33,000 per annum. But a much more important question than the construction of one clause of the Constitution of California was fully determined by the Court, and it is noteworthy that in the lengthy history of litigation arising from legislative exactions on foreign corporations, this point has never before been fully and fairly presented and squarely met and decided. It is the question of the constitutional relation between a foreign corporation and a State in which it is doing business.

It was claimed by Messrs. Hayes and Garber, attorneys in behalf of the City and County, that a foreign corporation had no constitutional rights which a State Legisla-

ture was bound to recognize, unless such rights were by express terms granted to foreign corporations; that the general inhibitions and limitations of the Constitution were intended for the protection of citizens only, and not at all for the protection of foreign corporations doing business in the State; that a corporation foreign to a State was absolutely at the mercy of the Legislature thereof, and subject to any restrictions whatever that might be imposed on its right to do business, or upon it when doing business in such State.

It was, on the other hand, claimed by Mr. McGraw, on behalf of the defendant, that a State Legislature had the same power over a foreign corporation that it has over a domestic corporation, and in the absence of express constitutional provisions conferring it, no greater power over the one than the other; that a law which would conflict with the Constitution when applied to domestic corporations was equally invalid when a foreign corporation was the subject of it. The Supreme Court emphatically sustains the views of the counsel of the L. & L. & G. of the extent of legislative power over foreign corporations.

It would seem that it is a question as to which no doubts should ever have arisen; but the noted case of *Doyle v. Continental Ins. Co.* in the U. S. Supreme Court, under which for many years foreign companies have been precluded from removing actions against them to the U. S. Courts, did much to generate a belief in the absolute helplessness of such corporations, though that decision by no means goes to that extent.

As we showed in a late issue of the *COAST REVIEW*, the Federal Supreme Court, after many years of error, finally got back to correct principles, and in the late case of *Barron v. Burnside* overruled *Doyle v. Continental Ins. Co.*, and extended the protection of the U. S. Constitution to foreign companies. Our Supreme Court, following the same laws of reasoning adopted in *Barron v. Burnside*, extended the protection of the State Constitution over the foreign or non-resident companies.

Our readers well understand that the

power of discrimination against foreign corporations is not denied to a State; on the contrary, the Court holds that in the absence of constitutional limitation the State has an unlimited power of discrimination, which may be exercised in favor of or against a foreign company. But in imposing burdens on such companies, none can be laid except such as the State would have the power to lay on its domestic corporations.

### Seneca Augustus Swalm.

The lady-killing dude whose name heads this article is or was a life insurance solicitor. He is now in the toils of the law under five charges of forgery, and if he had his deserts would now be serving the State in a striped suit. The *COAST REVIEW* must "put him on the list," along with Prindle, Fitzgerald, Middlemiss and Abbott, for dishonest practices as a life solicitor. Swalm, however, is charged with forging the signature of R. H. McDonald. With the details of this case, and the divorce embroglio, and Sececa's appropriation of Mrs. McDonald's jewelry and \$15,000, the newspaper-reading public is familiar. The affair is referred to merely because it confirms the bad reputation which Swalm recently developed as a life solicitor.

To what extent Swalm carried on his swindling practices upon applicants for life insurance will probably never be known by anyone else unless he makes a clean confession; but enough is known to convict him of systematic and unblushing rascality. Some five or six years ago Swalm came to this Coast, and for a time was the city solicitor for Manager Hawes of the New York Life Insurance Company. So far as known, he conducted himself properly while serving in that capacity. Afterward he became a general solicitor and visited Southern California, and there he "got in his work." Complaints presently reached the San Francisco office that policies upon which premiums had been paid had never been delivered. Investigation speedily revealed the fact that Swalm had received applications for insurance in the New York life, and had receipted for the premiums upon duplicate

blanks which he had caused to be printed. Of course he neglected to report these premiums, and it was only when he had appropriated money up in the thousands that the applicants grew weary of waiting for their policies, and the swindle was disclosed.

The amount of premiums thus wrongfully taken and withheld from the company was ascertained as soon as possible, and Seneca was escorted by a detective to the San Francisco office of the New York Life and given the alternative of returning his stealings or going to San Quentin. The rascal speedily raised the money—and the San Francisco reader can guess how—and his Southern California victims were promptly reimbursed.

Swalm was on his way East when arrested, with a pocket full of somebody's money and a trunk full of lady's clothing. Very important business beyond the Rockies warranted him in delicately tendering the arresting officer, not exactly a retaining fee, but an unsecured loan of \$5,000. As he had to deal with an honest man, what is the East's gain will probably be the California penitentiary's also.

Does any of our Eastern contemporaries know anything of Swalm's reputation or conduct in their section of the Union? It is rumored that his Eastern record was bad.

### The Companies Gain a Victory.

In the test case of the city versus the fire insurance companies, brought to determine the constitutionality of the infamous Firemen's Relief Fund Act, the Supreme Court of this State has just handed down a decision in favor of the companies. The law is declared to be unconstitutional. This important decision, the legal aspect of which is discussed elsewhere, is printed in full in this issue of the COAST REVIEW.

The law in question was enacted by the Legislature of 1884-5. The curious reader will find it printed *extenso* on pages 264-5 of Vol. XX (1885) of this journal. Under this law the non-resident companies were required to pay to every town having a fire department one per cent. of their yearly premiums from such town. The fund so

created was to be known as a firemen's relief fund, and was to be under the control of the board of fire commissioners or other governing body of the fire department. The fund was to be used for pensioning disabled firemen, whether the disability was contracted in the discharge of duty, or in the practice of vice, or before entering the fire service of the city. It was a clever and wicked scheme of the political bosses of San Francisco. If the constitutionality of the law had been affirmed by the Supreme Court, about \$18,000 yearly would have been placed within the control of our city bosses, and with it they could have pensioned political bums and rewarded their active henchmen in the fire department.

Great credit is due attorney E. W. McGraw, whose brief in the case was a masterly presentation of the law and the equity of the case. He has ably and faithfully upheld the interests of the companies. Popular prejudice and able counsel and the bosses were in league against him; the lower courts decided against the companies; but after a hard fight he has fairly snatched victory from the jaws of defeat.

The Firemen's Relief Fund Act was indefensible. If the funds thereby created could have been honestly and judiciously distributed; if the law had been properly drawn, so as to shut out the itching palms of the politician, and to invite and secure the best and most loyal services of the firemen, it would still have been an iniquitous and indefensible law. It imposed a tax upon a tax. It robbed the fire policyholders by adding to the cost of their insurance. It assumed that the fire insurance companies were under more obligations to "relieve" the firemen than were other corporations or individual tax-payers. The companies are in some degree responsible for this erroneous sentiment, for have they not encouraged it by voluntary contributions to fire departments and by the maintenance of fire patrols?

We are not questioning the usefulness or justice of such a firemen's relief fund, but, speaking for underwriters and insuring property-holders, we deny and always have denied the legal and moral right of the

State to levy a tax upon any one class of taxpayers to support such a relief fund. The insurance companies and insuring property-holders have won a great victory in the recent decision of the Supreme Court; and the *Coast Review* congratulates both policyholders and companies, and their attorney, Mr. McGraw.

### The Liberty Insurance Company.

Messrs. Weed & Kennedy, the managers of the new Liberty Insurance Company of New York, have appointed Rolla Watt as general agent of the company for the Pacific Coast. The creation of a general agency in this field is the result of a resolution to extend the business of the Liberty on the Coast. Heretofore only a limited, and that a city business, has been transacted.

The Liberty has a cash capital of \$1,000,000. Its board of directors include such representative men as Gov. Ames of Massachusetts, John V. Farwell of Chicago, R. H. McCurdy of the Mutual Life Insurance Co. and John A. McCall of the Equitable Life Assurance Society. There are, besides, such representative merchants in the directory as Geo. A. Morrison, Horace J. Fairchild, John Claffin, James McCreery, and John Herriman, all wholesale dry goods men, and John Sloane and Eugene Higgins, wholesale carpet dealers.

Under the fully developed policy of the company, general agencies will be planted in the best fields, and efforts will be made to build up a large and choice business, such as is certainly warranted by the capital and the management. We shall expect some good reports from the San Francisco agency within the coming year. Mr. Watts' territory embraces the States of California, Oregon and Nevada, and the Territories of Washington, Idaho, Montana, Utah and Arizona.

### A Singular Case.

In June, 1886, Henry Barnhart applied to the agent of the Firemans Fund for an insurance of \$2,500 on a dwelling and \$1,000 insurance on a barn on a ranch in San Joaquin County, he representing that he

held fee simple title to the property, unincumbered. Two policies, one for \$2,500 on dwelling, and another for \$1,000 on barn, were issued to him as applied for.

On September 17 following the dwelling mysteriously burned. The wind at the time was blowing directly toward the barn. The barn, however, did not burn. On September 19, two days later, the barn also mysteriously burned, and Bernard Faymonville, the adjuster of the company, was dispatched to investigate. He found that at the time of the fire the premises were occupied by one Peter Baker and family, and that said Baker held a contract to purchase said ranch from Barnhart, the assured, for the sum of \$5,400. There was, in addition to the buildings destroyed, 80 acres of land, and other ranch buildings.

No suspicion attached to Barnhart, and as he appeared from the records and other testimony to have a good and sufficient title, and as an estimate showed both buildings to be worth nearly 50 per cent. over the insurance, there was but a slight possibility of a salvage.

However, the case looked bad; and after considerable parley the adjuster proposed that Barnhart should accept from the company the sum of \$5,050, that being the amount remaining due him on the contract of sale to Baker—\$350 having been paid by said Baker—and for said \$5,050 give the company a deed to the property, subject to said contract to sell, and at the same time to release the policies *for one dollar a piece*. This proposition was accepted by Barnhart.

The company then notified Barnhart that upon the payment of the \$5,050, balance due under the contract, he could have a deed to the property. Baker, thereupon, brought suit against the company for a conveyance, after having tendered them the amount which he claimed remained due on the contract, *after having credited himself* with \$3,500, the amount of the policies.

It should be remembered that Baker was in no wise mentioned or known in the transaction between the company and Barnhart, the assured, the policies having been issued to Barnhart as sole owner, and he was entirely satisfied with the company's

settlement. No claim was made by Baker for the insurance when the adjuster was on the ground; in fact, he denied being interested. It further appears that his contract for purchase of the premises would have expired in three months, and he had no means wherewith to pay the balance of \$5,050 due.

Baker knew that there was \$3,500 insurance on the house and barn, and obtained \$1,500 more on contents in another company, making \$5,000 insurance in all. To realize on all these policies would enable him to pay the balance due Barnhart, and give him the land and remaining farm buildings, worth nearly \$5,000, as clear profit. The barn and dwelling burned mysteriously within two days of each other, and while there were other buildings on the ranch *uninsured*, they did not burn.

Baker now claims that the relations existing between him and Barnhart were those of mortgagor and mortgagee, and that while the various deeds and documents showing title in Barnhart are absolute on their face, said documents, with the contract for sale made by Barnhart, were in fact only intended as a mortgage to secure Barnhart for the payment of \$5,400, and that as Barnhart was benefited by the policies to the extent of \$3,500, he (Baker) should be credited with that amount.

On the other hand, it was distinctly understood between the adjuster and Barnhart, who alone had any claim under them, that the amount paid on the policies was *one dollar each*; and while said policies call for proofs of loss before *any* claim arises, no proofs of any kind have ever been filed.

The case of Peter Baker and Wife v. The Firemans Fund is now pending in the Superior Court of San Joaquin County. The defendant demanded a change of the place of trial to the city of San Francisco, on the ground that therein was the principal place of business for the company; but the Supreme Court ruled that as the land, the subject-matter in dispute, lay in San Joaquin county, and the question to be ultimately determined was the right of plaintiff to this land, the action was properly brought in that county.

### Hartford Life and Annuity.

The *Western Insurance Review* for October dissects, in the course of several columns, the certificate of this Hartford hat-passer. Reference, in conclusion, is made to the "safety fund" as follows: "This fund is equal to only about one cent on the dollar of the insurance in force. It would be almost valueless to the certificate holders, even if it belonged to them. But it belongs to the company and has advanced the company's stock. The safety fund is the company's great, grand and stupendous speculation." The members who pay the assessments, and who are not guaranteed anything, contribute to this fund and to the stockholders at the same time. The members are promised much, pay much, and their heirs, like those of the Oakland member, Mr. Hunt, will be paid very little—"next to nothing."

### The Mutual Reserve Fund.

This hat-passing braggart is fairly "burnt up" by *Insurance* of November 25, which by a red-hot exposure of the concern scores a great sweep. Our lively contemporary prints a long list of the death claims shaved by the Mutual Reserve Fund Life Association from September 28, 1882, to October 19, 1885. Dates, numbers and names are given. The information is official, coming from Actuary Westerfield, who was formerly in the employ of the association, and who has the endorsement of its President.

The record is thus summed by *Insurance*: "Here, then, is the record. It extends over a period of but three years. In that time 580 death claims were presented for payment. Of these, eighty-six, or 14.82 per cent., were treated to a process of destructive surgery. The total of the eighty-six claims thus treated, and upon which in every case the full sum was justly payable or nothing at all, is \$410,750. The total paid thereon is \$186,282.24. The total shaved off is \$224,466.76. In three years there was forced from the widows and orphans of dead members of this association, by its managers and by means of the cut-throat clauses in its certificate of per-

haps insurance, very nearly a *quarter of a million of dollars.*"

The excessive litigation of the Mutual Reserve Fund has long been notorious, but it has been left for the "leaflet" to clinch the charge with an official and authoritative record which confirms and adds to the worst that has been said. If, with these facts—these names and discounts of legitimate claims—before him, the intending applicant persists in becoming a member of the association, it will be a case of a fool and his money parting company.

### Quicklime Instead of Cremation.

Cremation seems to make but slow progress, and comes, indeed, so violently into conflict with popular prejudices and beliefs that there is little chance of its gaining a footing in this country for the next fifty or one hundred years. Meanwhile our cemeteries are overflowing, and some improved method of disposing of the dead is an imperative necessity. Shall I be shocking anybody if I suggest that in all cemeteries quicklime should be used, and that strong oak coffins should be discarded in favor of light wickerwork receptacles? The idea is suggested by a curious piece of information communicated to me by an official of Newgate, where, as is well known, all murderers are buried in quicklime. When Lipski was hanged the other day a grave was dug for him, as usual, within the prison walls, and space there being limited, the spot selected for the purpose was that where Wainwright was buried ten or twelve years ago. On the earth being dug into, only a faint streak of lime was found to mark the place where the body of the notorious murderer of Harriet Lane was laid. Flesh, bones, clothing—everything had disappeared, and the soil was, moreover, as sweet as if it had been done nothing but grow buttercups and daisies. Imagine what would have been the result had an ordinary grave been dug into in this fashion. What a mass of corruption would have "breathed forth contagion" to the world. And, be it remembered, the disappearance of the body was, no doubt,

as complete at the end of three months as at the end of ten years. Of Lipski himself there is now probably only a streak of lime left. What reasonable objection could there be to the adoption of quicklime as a purifier of our cemeteries? Its only effect would be to hasten the dissolution which we all know to be inevitable!—*London Life.*

### Not Insured in the Old-Liners.

The *Wasp*, referring to Dimmig's detention, says: "But then he is poor, and the insurance companies must in any manner possible stave off the payment of the Dr. Bowers' policies." The *Wasp* has applied its sting to the wrong party. The insurance companies carried no policies on the life of Mrs. Bowers, and are not interested in the question of her husband's guilt. Various so-called insurance orders wrote *certificates* on the life of the unfortunate Mrs. Bowers, and they will be relieved from all liability if Bowers is hanged or imprisoned for her murder. But their liability will not trouble them in any event, for they do not contract to pay any certain sum. A judgment against them would amount to nothing. In view of the evidence convicting Bowers, the beneficiary, they would be justified in repudiating his claims, and will repudiate them, even should he be declared innocent.

### The American Eagle.

Not the bird of freedom, but a San Francisco buzzard, the "American Eagle Association of the United States," with a nest on the top floor, in an obscure corner, away down on California street, among the wholesale groceries. We thought the so-called Eagle was dead, it having been dissected by the press and sued by claimants, but here comes the "missile" of a correspondent, who says:

I am in receipt of a letter from an old friend in the East—a physician—inquiring the standing of the "American Eagle Association of the United States"—a spread-eagle name, at any rate. I am referred to the *Coast Review* for information.

The inquirer is informed that the American Eagle is a small assessment association without assets. Its "character" was

lost when the first claim was presented, and has never been recovered. No definite sum of insurance is contracted in the certificate, and none could be paid if it was. The membership is insignificant and decreasing, but the association will probably survive as long as the Secretary can collect a single assessment from the last surviving member, if he can have, besides, some other source of income. The American Eagle ranks among the biggest of the little frauds which deceive people who put any trust in co-operative insurance. If our correspondent or his friend wants to risk anything in a co-operative certificate—an unwise thing to do if the applicant is a healthy man—let him enter some of the better class fraternal orders. No business co-operative, big or little, is worthy of any confidence, and the American Eagle is the least worthy of all.

#### Cheap Buildings in Southern California.

One unfortunate result of the great land boom in Southern California has been the construction of buildings for speculative purposes. The speculator buys a piece of land at a high price. He may be able to sell it at a satisfactory advance on the purchase price, and he may not. The demand for stores and dwellings is so active that the speculator finds a safe and large profit on his investment by supplying this demand. But he is not certain that the demand will continue long, and he is quite certain that the present exorbitant rents will not last; and therefore, like the prudent man that he is, the speculator erects the cheapest buildings that an elastic law and a still more elastic conscience will permit. Flimsy shaky frames and sham bricks are run up hastily. The poorest material is used, the work is slighted, and the fire laws—if there are any—are evaded or ignored. Upon the outside, to the inexperienced eye at least, such buildings compare with the more substantial and honestly constructed ones. The defects in construction and materials are concealed back of the ornamental front, and may not reveal themselves until a fire destroys the building, or a slight earthquake unsettles it, or until time has had an oppor-

tunity to expose the dishonesty of the speculating builder.

These "Buddensick" shams are to be found wherever the boom has inflated prices to any considerable extent; but San Diego presents the more numerous and atrocious examples. Even to the ordinary, in-architectural eye such buildings are veneered shams, built for temporary purposes only. They proclaim to the thoughtful the evanescent nature of the "great boom" and the brevity of the present era of exceptional prosperity. If the builders had any faith in their town and its land values they would show such faith by their works.

The last and the worst case of cheap buildings, which have been reported to us—erected within the fire limits of San Diego and designed to evade the fire laws—was bricks laid lengthwise, in a single row, and supported by or abutting against the stud-ding. Such a building would be a greater hazard than a frame building, but it is styled a brick building, and is supposed to be in compliance with an ordinance requiring the erecting of bricks or stones within defined limits. If these buildings are allowed to stand and multiply, there will be difficulty in rating them, and they will be a fruitful source of danger and loss.

Both the moral and the physical hazards of such buildings are bad. They will burn quickly, completely and *en masse*. A first-class fire department, confronted by a fire in one or more of these flimsy structures, is little better than no fire department; for the flames will lick them up like grass, and the fireman who ventures within the walls does so, and knows it, at the peril of his life. The moral hazard is especially bad. The tenant who has risked a long lease at high rent will be in trouble as soon as the high tidal wave of prosperity begins to ebb, and the owner, who is generally the land lessee, will be in equal trouble if he has no such tenant within his iron grip. The interests of one or the other will surely welcome a fire if the insurance companies carry the risk.

The Southern California towns must not merely improve their fire extinguishing facilities to keep pace with their growing

prosperity: they must discountenance cheap and dishonest buildings, and prohibit such as will endanger life and enhance the fire hazard. If their growth is a legitimate thing and not a mushroom of wild speculation, they need not and will not hesitate to express the most pronounced sentiments of hostility to cheap structures, nor to enact and enforce fire laws to which only the speculator will object.

### Los Angeles Fire Protection.

A Los Angeles press dispatch, referring to a recent fire, says: "The Fire Department turned out promptly, but were hampered by inability to get water. It was impossible to put on a stream at first. The zanja was dry, and the pressure at the fire-plugs was feeble. It was ten minutes before a respectable stream was on the flames. Chief Engineer Strohm was on hand and did his work well, as did all his men. In ten minutes after the first stream touched the front of the fire the conflagration was under control and the danger over."

The COAST REVIEW has at different times referred to the inefficient fire protection of Los Angeles, and the absence or neglect of good fire ordinances. In these respects the city is still a country town, although possessing fifty or sixty thousand inhabitants. The marvelous growth of the place has been some excuse for tardy action by the authorities, but not for the total neglect of the matter which until recently has been the rule. As it is, the underwriters have been forced to very arbitrarily press a demand for much needed improvements, with the alternative of higher premium rates.

The *Express* of Los Angeles says: "The Board of Underwriters have informed the Fire Commissioners that unless the fire alarm system is remedied, the fire department made more efficient by new apparatus and more hydrants supplied, their rate of insurance will be raised 25 per cent. Their action is not surprising in view of the utterly inadequate protection this city has from fire. The Richmond system should be thrown away and some reliable system put in its place. The City Water Company should be compelled to at once put in hy-

drants wherever it has mains and hydrants are needed. Arrangements should be made with the other companies to put in hydrants on the hills where the City Water Company's mains do not go. The last two fires in this city resulted in heavy losses, which with a perfect alarm system and the requisite number of hydrants would have been greatly reduced."

According to the latest information, four new steamers and several hose carts and numerous fire plugs are to be added at once.

### The Fire Patrol.

#### FORMAL OPENING OF THE NEW HOUSE.

The new Fire Patrol house on Jessie street, between Second and New Montgomery, was formally opened on Wednesday, November 16, between 12 and 2 o'clock. The committee in charge of the affair was composed of I. Gutte, A. C. Donnell and E. B. Haldan. A choice lunch was spread up-stairs, and many underwriters and business men gathered about the tables in friendly "confab" and gustatory rivalry. About 150 underwriters, besides invited guests, including Mayor Pond and the members of the Board of Fire Commissioners, were present, all told, during the two hours of the "formal opening." The premises were inspected and admired, and appropriate toasts were offered at the tables and responded to in an "off-hand" way by several speakers.

While the Patrolmen were at lunch the gong sounded below, and the visitors were given an exhibition of the skill and agility of the men and the intelligence of the horses. Crash! went the lunch plates, as they were tossed upon the table, and in a twinkling the men had disappeared down the four sliding-poles. The horses had rushed to their places, and in three seconds were hitched and dashing out of the wide-opening doors.

The new house of the Fire Patrol was fully described in the October COAST REVIEW, but we may add that it is superior to anything of the kind elsewhere in its design, finish and furnishings. The San Francisco Fire Patrol, in equipment, drill, and

quarters, stands at the head of all the Fire Patrols, and if any improvements can be made, or there is anything more to learn, Captain White and his co-laborers will be the first to recommend the one and to master the other.

### Close of the Volume.

With this number Volume XXII of the COAST REVIEW is ended. Looking back over the twelve numbers, we feel fairly well satisfied with our work, and if our readers are equally well satisfied, the subscription list will be maintained and increased as heretofore. It cannot be said that there has been any failure to execute any promise, for none was made.

It always has been the design to make the COAST REVIEW the special organ of Pacific Coast underwriting interests, and at the same time to epitomize all the current insurance news and opinions of the world at large. An inspection of the 500-odd pages of reading matter printed during the year, or a glance at the incomplete index printed this month, will amply corroborate the claim that such design, at least has been fully carried out.

In the legal department, the 150 or more cases digested, and the ten cases printed in full, in addition to the editorial treatment of legal matters and the brief and valuable notes, constitute a book in themselves worth the price of subscription to every reader who wishes to be thoroughly "up" in his profession. We can promise that during the coming year this department of the COAST REVIEW shall equal that for the present year, and perhaps surpass it in condensation or "digestibility," and in what may be termed its popularity.

Life matters have received a liberal share of space during the year, and the hat-passers have not been neglected. We may venture to say that there will be as many dissections of co-operative swindles in 1888, and that the next volume will show as many or more valuable life tables.

Fire affairs have, properly, formed the staple contents, and in this respect, as in others, comparison is freely challenged. It is enough to say that the reputation of this

journal, as an exponent and champion of Pacific Coast underwriting interests, will be fully sustained.

With a gentle intimation that all the foregoing is merely an introduction to the announcement that subscription bills will be mailed this month, the COAST REVIEW wishes all its readers a merry Christmas day and a happy new year.

### Grand Jury Report.

Reference is made to the San Francisco Fire Department by the Grand Jury in its report, as follows:

After a careful examination of the engine, hose, and hook-and-ladder companies, together with the corporation yard and workshop, we find no occasion for adverse criticism of the condition of the Department, and believe we have as efficient service as could be expected with the means at command. It is conceded that additions and changes are necessary in order to place the Department in condition to meet the requirements of a large and growing city like ours.

It has been before recommended, and we believe it a necessity, that a steamer should be located in the vicinity of the Baldwin Hotel, and another on Market, near Valencia street. We would also suggest the advisability to have paid men attached to such engines as are located in the business portion of the city; say at least six men to each apparatus.

The fire alarm and police telegraph, as far as managed by the city, are all that could be asked.

We recommend an increase of extra engines, and also the purchase of at least four chemical engines. No effort should be spared by the authorities to increase the efficiency of the Fire Department.

This report was prepared and printed before the Protrero fire, in the light of which it is plain that the Grand Jury left something unsaid.

### Fires on Board Cotton-Laden Ships.

Mr. Court, Secretary to the Liverpool Underwriters' Association in 1859, reported that the causes were attributable to (1) spontaneous combustion arising from the presence of oil or grease, or from moisture after exposure to heavy rains at New Orleans; (2) to the smoking of laborers; (3) sparks from steam engines on board Mississippi boats; (4) wilful ignition of the cargo by the crew; (5) lightning; (6) fires in cotton presses. He discarded the assertion

that the crews of ships wilfully set fire to the cargo, he having failed to obtain any corroborative evidence tending in the slightest degree to implicate seamen. There have been several authenticated cases of the spontaneous combustion of cargo. If the fires were not due to spontaneous combustion, the smouldering heat must have laid dormant for some time, as the fires were discovered at sea.

Among the recent casualties we have reported a slight fire which broke out on board the steamer *Dorset*, whilst loading cotton at Norfolk on the 13th inst., with 1,200 bales. The fire was brought under control.

The British steamer *Hughenden*, with a cargo of cotton on board, was discovered on fire at Savannah on October 15th. She was bound for Barcelona. On October 6 smoke was observed issuing from the main hatch forward of the steamer *Naples*, loading cotton for Liverpool. On partly opening the hatch, flames shot upward, igniting the hatch tarpaulin and consuming it. The hatch was immediately battened down, and steam turned in on the burning cotton. A tug and the fire department began throwing water into the hold, and it was decided to flood the ship. She had aboard between 5,600 and 5,700 bales, which will all be damaged. The origin of the fire is unknown. The fire in the fore hold was extinguished, but not before the water was eight feet deep. When fire happens in port it is, as a rule, got under; but damage is done to the cotton. Another ship had to be treated in the same way as the *Naples*.

A fire broke out in the hold of the steamer *Resolute* at Savannah, and water was pumped into her till the seat of the combustion was flooded. When pumping commenced, and the water in the vessel was got below the furnaces, her fires were started and the two tugs stopped pumping, but the two donkey pumps of the steamer were kept constantly going. Owing to the cotton swelling so rapidly the bulkheads burst, and the deck around the hatch started, cracking some of the plates and rivets.

The succession of fires, it is said, creates disquietude among underwriters, and hence

the communication to the Liverpool Underwriters' Association to the effect that if measures are not adopted to lessen these disasters a stop will be put to insuring bales from Savannah. This kind of threat has been promulgated with respect to loading at New Orleans and Charleston, but never carried out in practice. Whenever a cessation took place there were other underwriters ready and willing to take the risks without any increase of premiums.—*Liverpool Journal of Commerce*, Oct. 24.

### The Magnitude of Life Insurance.

Among the most marvelous structures that the *hand* of man has ever raised are the three great pyramids of ancient Egypt. They typify dynasties of great material power.

The three great pyramids of modern times have been built by the *heart* of man. They are not a Memphis group, for one stands on our own soil, another in Great Britain, and a third on the Continent of Europe.

1. TWO BILLIONS FIVE HUNDRED AND TWENTY MILLIONS OF DOLLARS secured to the dependent ones in our American homes.

2. TWO BILLIONS THREE HUNDRED AND SIXTY MILLIONS OF DOLLARS for the preservation of hearth and home when the stalwart sons of Great Britain shall cease their life work.

3. TWO BILLIONS AND FORTY MILLIONS OF DOLLARS for the widows and orphans of Continental Europe.

It will be noticed that these three great financial pyramids stand in the three centres of human civilization; the loftiest apex rises in the new world.

The United Kingdom husbands a noble structure full of intense historical interest, and the Continental monument is colossal in its proportions. Pile these great pyramids one upon another, cap them with all other insurance in the world, and we have a superstructure measured by the vast capital represented by the figures, SEVEN BILLIONS TWO HUNDRED AND FIFTY-FIVE MILLIONS OF DOLLARS. This was the world's life insurance at the commencement of the present year.—*Holway*.

### Dead California Co-operatives.

We recall the following failures of California hat-passers. Some of our readers can probably add to the list:

Southern California Mutual Aid Association.

San Francisco Safety Fund Association.

San Francisco Universal Benevolent Association—endorsed by leading business and professional men.

Pacific Coast Branch of the Mutual Self Endowment and Benevolent Association of Texas.

Pacific Mutual Endowment Association of Oakland.

Peoples' Life and Accident Association.

California Life and Endowment Association—endorsed by leading business and professional men.

Order of Mutual Companions.

United Friends of the Pacific.

All the foregoing, except the first, have failed within the past three or four years.

Next!

### Underwriters' Fire Patrol Social.

On the night of November 23d a number of our prominent young underwriters, and a few older ones, surprised Captain White and the members of the Fire Patrol at their elegant new patrol-house by going there in a body with their wives, sweethearts and lady friends. An appropriate little card of admission had been prepared, and the committee having the matter in charge had also thoughtfully canvased the spacious assembly room and provided three good musicians and an abundant supply of light refreshments. Fully forty couples were present, and besides the exhibition drill of the Patrol, dancing formed an agreeable feature. To see the gallant Patrolmen whirling in the giddy mazes of the waltz and hear the alarm sounding which would cause him to suddenly drop his partner (much to her astonishment), and quickly slide to his place of duty down the shining poles, was a sight not readily to be forgotten; and when towards midnight a genuine alarm did resound, it proved but a happy conclusion to a most enjoyable affair. Among those present were:

Geo. C. Boardman and wife, Geo. W. Spencer and wife, Col. and Mrs. Smedberg, Chas. H. Cushing, wife, daughter and niece, John Scott Wilson, Col. C. Mason Kinne, Chas. H. Smith, Miss Quica Smith, Miss Blacker, J. D. Maxwell and wife and Miss Maggie Johnson, Capt. R. H. Naunton, Maj. A. J. Wetzlar and wife, Bernard Faymonville, Geo. H. Tyson, Henry Smith, Miss Moore, Miss Wood, Maj. Sprowl, B. F. Brisac and wife, Miss Hine, A. G. Davis and many others.

The programme of dances was a most unique affair, the frontispiece being a fire scene with an engine dashing toward it at full speed. The inner pages contained an order of eight dances, and were embellished with an engraving of a beautiful young lady ringing an alarm upon a fire-bell suspended amidst garlands of flowers. The final page depicted the fire out and the engine going home, the whole forming an appropriate and happy conception.

### An Insurance Center.

An article in a Chicago paper discusses that city as an insurance center, and the claim is made that the bulk of the business for the American continent is transacted in Chicago. This may be true, but in the absence of any evidence in support of this ambitious claim we must doubt it. Illinois is a great State, and its great chief city is seated in the midst of the richest region, naturally, on the face of the globe. All the surrounding States, and the States and Territories extending to the Rockies, pay tribute to Chicago, and help to make her the great commercial marvel of the age; but her wealth and population, and the extent her commercial territory, are not evidence in support of the claim that she is *the* great insurance center.

Consulting the annual report of the Insurance Department of Illinois we find that Chicago has only three fire insurance companies, with combined assets of less than \$2,000,000, a fact which is not to the credit of "the insurance center of America." But, of course, the claim of the Chicago paper is based upon the amount of business transacted through the general agencies in the city. No figures are given, and none can be obtained, but we may get a fair enough estimate of the business running through the Chicago channel to show that the Lake

City is a far second to New York. The fire premium incomes of Illinois, Wisconsin, Indiana and Michigan are about \$2,000,000 less annually than New York State alone; and if we should assume that all the business of the four States named, and Iowa, Nebraska, Minnesota and Dakota, is handled by Chicago offices—which it is not, by a long ways—the “insurance center” would still be in the rear of New York city in the volume of business directly tributary to the offices of the metropolis—the business of New York and of portions of the contiguous States.

The Chicago paper also says that the “monetary resources” of the fire companies represented in that city will foot up nearly \$500,000,000. The Illinois Auditor’s report shows that the “monetary resources” of all the domestic and foreign stock and mutual, marine and fire companies represented in Illinois foot up only \$207,000,000, a discrepancy of only \$300,000,000. Another error of this enthusiastic writer is the statement that the life companies making Chicago their western home have nearly \$200,000,000 assets, whereas three companies, the Mutual, New York and Equitable, alone have assets exceeding that estimate by 65 or 70 millions.

Chicago will some day become “the insurance center of the American continent,” and the commercial center, too, probably, but it is neither at present. Besides, San Francisco will be heard from within the next twenty years, for have we not a Los Angeles boom in California?

### The City Broker.

The broker tribe is a more or less useful one, whether a necessary or an unnecessary evil; and not the least valuable use of the tribe is its convenient and unfailing service as a text for the diatribe of the tribe editorial. The broker deserves little and receives little sympathy; besides, he doesn’t advertise—a sin of omission which invites a most critical view of his many sins of commission.

The COAST REVIEW has had little or nothing to say about the fire insurance broker for a long time, and it would hardly

be “the correct thing”—not “strictly business”—to permit this volume to pass into the hands of the binder without a parting whack at this wicked, rebate-giving, trouble-making non-advertiser.

To be fair, or to appear to be fair at least, it is cheerfully admitted that the broker is useful. He stirs up strife, bursts compacts, provokes a wild competition whereby his commission is increased, divides his commission with the assured, represents the assured and is paid by the companies, and when a loss is to be adjusted he is a noisy and unreasonable element of disturbance. He is the great demoralizer of rates, commissions and settlements.

The broker is serviceable to the companies to the extent that he stimulates business, and secures risks or additional lines that would otherwise go uninsured; and he is tolerable as long as he merely occupies the place of the solicitor. But the broker is not an indispensable adjunct of the fire insurance business.

The wholesale grocers in this city several years ago agreed to employ no drummers for city business, and the result has been a great saving. The retail grocers must come down town and buy, or send their orders. The wholesalers save the salaries of the drummers formerly employed. The retailer has no share in the saving thus made, and he is put to some inconvenience by the compact of the grocers, but he does not complain.

Now, why couldn’t the fire offices combine in the same fashion, and agree to employ no city brokers? Little or no business would be lost by dispensing with the brokers, and the “salvage” would be enormous. The city of San Francisco pays over three millions of dollars yearly for fire insurance, and, at a low estimate, \$350,000 of that is paid to brokers for their unnecessary services. If the commissions hitherto paid the brokers were divided between the companies and the assured, each party to the contract, the property-owners on one side and the insurance officers on the other, would gain \$175,000 or more.

In the absence of brokers there would be a less active competition for business, or

at least no scramble which would undermine a compact and cut rates and throats. There would be no settlement of an unfair claim at the dictation of the broker, no defaults of city premiums, and none of that discord and distrust which grow out of the broker's interests and influence.

Without the city broker the city business would go on just the same. The Patrol reports would show the same volume of premiums at the end of the year, and the ledgers of the offices would show much larger sums on the profit side. Policies would be readily renewed, and business would remain indefinitely on the books. The property-holder would soon send for insurance as he now sends for his winter coal.

The insuring property-holders of the city have a right to demand the abolition of a fire brokerage system which costs more than the entire city fire department. They have a right to demand it because, according to the arguments of the insurance companies, the commissions paid the brokers constitute an element in the cost of the insurance, and are paid by the assured; and they have a further right to demand the abolition of the brokerage system because it is admitted that it is an undesirable and unnecessary system to the companies. Under the circumstances, the retention of the brokerage system—which is not merely an expensive incumbrance, but the promoting cause of discord, exorbitant claims and demoralized rates—if it does not impeach the good business common sense of underwriters everywhere, certainly does prove their lack of ability to act in concert.

But we do not expect the offices to dispense with the broker. He is not the servant, but the master. It may be too much to expect even so little as the abridgement of his mischievous influence in the settlement of losses. The broker is too firmly seated in the saddle, and to unseat him might take the aid of a Legislature. He can control business and receive the moral backing of the assured as long as the latter can gain nothing, or thinks that nothing can be gained, by dealing directly with the offices. The broker has custom back of him—long

years of the habitual dependence of the companies upon him for business—and to break through the walls of that custom by dispensing with the services of the broker would take more "nerve" than organized underwriters have ever yet displayed or may ever need to display under the most pressing necessity.

## FIRES.

The losses for the eleven months of the present year, on the Coast, aggregate \$2,364,419, a trifle less than for the same months in 1885, and about \$835,000 less than for the same period in 1886. This is a favorable difference of fully 25 per cent. between the losses of 1886 and 1887 from January to November inclusive.

As the December losses are nearly always light on the Coast—averaging, say, \$100,000—the total losses for the year will be about \$2,700,000. The official figures will not vary much from this estimate. The Coast losses last year were \$3,646,627.

Estimating the premium income for the Coast at \$8,000,000, and the losses as above, the average loss ratio will be less than 34 per cent., the lowest ever reported.

### California.

November 20, San Francisco, frame dwellings:	
Commercial Union .....	\$300
November 3, San Francisco, dwelling and furniture:	
State investment.....	\$550
October 19, San Francisco, building:	
New Zealand.....	\$1,000
November 6, San Francisco, cooper shop:	
New York Underwriters.....	\$300
Svea.....	1,070
Providence-Washington.....	430
Firemans Fund.....	284
November 6, San Francisco, building and machinery:	
Western.....	\$398
Phoenix, London.....	398
November 6, San Francisco, building:	
Fire Ins. Ass'n, London.....	214
November 3, San Francisco, frame dwelling:	
State Investment.....	\$520
November 25, San Francisco (Potrero), general fire:	
Straits.....	\$500
Hamburg-Magdeburg.....	1,000
Germania.....	1,700
Hartford.....	1,950

**California.**

National of Ireland.....	800
American Central.....	306
Firemans Fund.....	2,150
Agricultural.....	1,500
Hamburg-Bremen .....	2,792
Phoenix, London..	1,215
California.....	500
Union, New Zealand.....	300
North German.....	6,100
New York Underwriters.....	3,200
Guardian.....	500
New Zealand.....	300
State Investment.....	3,285
Home Mutual.....	340
Liverpool & London & Globe.....	11,300
<b>Total.....</b>	<b>\$39,738</b>
November 30, San Francisco, groceries:	
North German.....	\$1,500
October 31, San Francisco, library:	
California.....	\$104
Commercial.....	123
November 20, San Francisco, frame church:	
Home & Phoenix.....	\$2,800
November 29, San Francisco, feed mill and machinery:	
Anglo-Nevada.....	\$154
October 29, San Francisco, dwelling:	
Fire Association of Philadelphia.....	\$350
November 2, San Francisco, coffee and spices:	
Firemans Fund.....	\$300
November 27, San Francisco, frame building:	
Anglo-Nevada.....	\$690
November 6, San Francisco, building:	
Lion.....	\$321
Small unreported losses.....	\$5,000
<b>Total, San Francisco.....</b>	<b>\$56,544</b>
November 15, Stockton, stable:	
Insurance Co. of North America.....	\$150
November 16, Stockton, hotel and saloon:	
National of Ireland.....	\$500
November 26, Nevada City, frame dwelling:	
Agricultural.....	\$711
November 11, Brown Valley, blacksmith shop and frame dwelling:	
Commercial Union.....	\$1,913
Phoenix, Brooklyn.....	\$200
November 17, Vallejos, frame saloon:	
Connecticut.....	\$470
October 31, San Jose, mill and machinery:	
Washington.....	\$1,881
November 1, Alila, frame hotel:	
Firemans Fund.....	\$970
October 19, Sacramento, frame stable:	
Commercial.....	\$225
November 21, Grass Valley, dwelling:	
Royal, Norwich Union & Lancashire.....	\$825
November 3, Elmira, frame dwelling:	
Home & Phoenix.....	\$55
October 24, Willows, frame building:	
Union, New Zealand.....	\$500
New Zealand.....	400

November 4, Santa Cruz county, tan bark:	
Scottish Union.....	\$150
November 22, near Rockland, dwelling:	
State Investment.....	\$525
November 30, Stockton, furniture:	
New Zealand.....	\$365
November 16, Stockton, dwelling:	
California.....	\$200
November 29, Butte City, grain in warehouse:	
Anglo-Nevada.....	\$375
October 20, Fresno, household furniture:	
London & Lancashire.....	\$600
November 14, Sacramento, dwelling:	
London, Northern & Queen.....	\$275
November 25, Amador, hoisting works and machinery:	
Firemans Fund.....	\$1,625
November 30, San Bernardino county, barn:	
Phoenix, Brooklyn.....	\$275
November 8, Alameda county, dwelling:	
Home Mutual.....	\$325
November 17, Oakdale, hay:	
Ætna.....	\$140
November 7, Oakland, frame building and hay:	
Commercial Union.....	\$1400
November 7, New Chicago, frame dwelling:	
Liverpool & London & Globe.....	\$315
November 20, San Joaquin county, stable:	
Insurance Co. of N. America.....	\$100
November 8, Madera, lumber:	
Firemans Fund.....	\$1,660
Fire Ins. Ass'n, London.....	1,508
Niagara.....	1,004
Hamburg-Bremen.....	1,004
Clinton.....	500
German.....	500
Springfield.....	500
<b>Total.....</b>	<b>\$6,676</b>
November 12, North Bloomfield, general fire:	
Guardian.....	\$1,000
Royal, Norwich Union & Lancashire.....	105
Commercial Union.....	2,000
City of London.....	1,000
British America.....	500
Niagara.....	1,000
Washington.....	1,250
Amazon.....	385
American Central.....	500
South British.....	1,000
San Mutual.....	1,000
Southern.....	700
<b>Total.....</b>	<b>\$10,440</b>
November 24, St. Helena, general fire:	
North British & Mercantile.....	\$2,000
German-American.....	245
Oakland Home.....	400
Scottish Union.....	225
California.....	5,100
Pennsylvania.....	100
Prussian National.....	1,000
Insurance Co. of N. America.....	1,500
<b>Total.....</b>	<b>\$10,570</b>

**California.**

November 8, Fresno county, planing mill:	
North British & Mercantile .....	\$2,000
German-American .....	1,000
Fire Ins. Association, London .....	1,410
November 11, Fresno, frame building:	
Springfield .....	\$300
Howard .....	500
Merchants, New Jersey .....	500
November 4, Fresno, dwelling and furniture:	
California .....	\$800
November 9, Los Angeles, general fire:	
Pacific .....	\$1,500
Amazon .....	1,500
American Central .....	2,000
Prussian National .....	4,925
Springfield .....	2,500
German .....	2,000
Hamburg-Bremen .....	1,000
Southern California .....	1,500
Firemens of Newark .....	1,700
Sun of London .....	1,700
Phenix of Brooklyn .....	700
Pennsylvania .....	1,000
American, Philadelphia .....	1,000
State of Pennsylvania .....	1,000
Lion .....	1,250
Washington .....	750
Imperial .....	1,250
Orient .....	750
Sun, San Francisco .....	500
Oakland Home .....	600
Fire Ins. Association .....	2,500
Total .....	\$31,625
November 13, Sonoma county, dwelling and contents:	
Phenix, London .....	\$5,400
November 21, Sacramento, hay and barn:	
London, Northern & Queen .....	\$987
Etna .....	487
November —, Lakeport, dwelling:	
Washington .....	\$450
November 19, Sacramento, lumber:	
Fire Ins. Ass'n, London .....	\$950
November 13, Brown's Valley, frame building:	
Commercial Union .....	\$1,923
Small unreported losses .....	8,000
Total California (S. F. excepted) .....	98,793
Total California .....	155,337

**Montana.**

November 12, Cloteau, frame building:	
Phenix, Brooklyn .....	\$600
November 29, Butte, groceries:	
Etna .....	\$2,000
November 26, Miles City, furniture, etc.:	
City of London .....	\$500
October 31, Custer county, frame dwelling:	
California .....	\$400
Union, New Zealand .....	400

**Utah.**

November 4, Ogden, lodging-house:	
Hartford .....	\$105

4

**Oregon.**

November 20, Astoria, river steamer:	
State Investment .....	\$2,000
Home Mutual .....	1,850
Liverpool & London & Globe .....	5,000
Fire Ins. Ass'n, London .....	1,800
Scottish Union .....	3,000
National, Hartford .....	1,000
Providence-Washington .....	1,000
Anglo-Nevada .....	500
Hamburg-Bremen .....	2,700
Hamburg-Magdeburg .....	2,000
Total .....	\$20,850
November 3, Portland, drug stock:	
London, Northern & Queen .....	\$525
October 28, Portland, frame wharf:	
Commercial .....	\$634
October 17, Portland, tobacco:	
Oakland Home .....	\$681
October 24, Portland, wood:	
New Zealand .....	\$128
November 25, The Dalles, groceries and frame buildings:	
Home Mutual .....	\$250
American, Phila. ....	750
Hamburg-Bremen .....	300
London & Lancashire .....	120
October 31, near Eugene, dwelling:	
Connecticut .....	\$250
November 27, Eugene, frame dwelling:	
London, Northern & Queen .....	\$4,000
November 1, Portland, fixtures:	
Fire Ins. Ass'n, London .....	\$650
November 20, Portland, merchandise:	
Liverpool & London & Globe .....	\$149
Total Oregon .....	\$29,287

**Washington.**

October 17, Walla Walla, dwelling:	
Guardian .....	\$408
November 26, Tacoma, saw-mill and machinery:	
Security .....	\$400
London, Northern & Queen .....	1,750
State Investment .....	800
November 25, Clark county, dwelling and contents:	
Hartford .....	\$627
November 12, Sprague, saddlery and furniture:	
Manchester .....	\$939
London & Lancashire .....	864
Commercial Union .....	854
November 11, Olympia, billiard table, etc.:	
Home & Phenix .....	\$175

**Idaho.**

November 1, Hailey, mill and machinery:	
Lion .....	\$200

**New Mexico.**

November 13, Gallup, merchandise and printing stock:	
Orient .....	\$1,250
Imperial .....	890

**Nevada.**

November 29, Wells, frame store:	
Home & Phenix .....	\$1,500
Miscellaneous small unreported losses .....	\$4 000
Grand total .....	\$203,336

### Underwriting in Victoria, B. C.

For some time fire underwriting affairs in Victoria and British Columbia at large have been in a very unsatisfactory state, with the usual grievance of competition and disorganization. Recently there has been an earnest endeavor to arrest these demoralizing tendencies, and on the 23d ult. the local board in Victoria, at a conference with a committee from the San Francisco offices, consisting of C. F. Mullins and J. W. G. Cofran, agreed to adopt rules and regulations for the purpose of securing uniform rates throughout the entire province, and to correct the prevailing and possible evils with which underwriters everywhere are beset. The office of Inspector has been created, and it will be the duty of that official to see that every policy has been written at compact rates and according to the rules. Non-intercourse between the board and non-board companies is a feature of the compact.

Victoria is to be specially rated. New Westminster will work under Book 3 of the Pacific Insurance Union. The remainder of the province will work under Book 4. The Pacific Insurance Union has lent the services of Surveyor Nichols to the Victoria board for the re-rating of their city.

J. W. G. Cofran, of this city, recently visited Victoria, and was assisted by A. R. Gurrey, also of this city, in the missionary work of converting the British Columbians to compact ideas. How well these gentlemen succeeded we have already set forth.

The companies represented in Victoria are as follows:

From San Francisco offices—Commercial Union, Hartford, Phenix of Brooklyn, National of Ireland, Connecticut and Aetna. Reporting to head offices—Western (Toronto), Imperial, Queen, North British & Mercantile, Guardian, Northern, Royal, London & Lancashire, Phoenix (London), Liverpool & London & Globe, Lancashire, City of London, Glasgow & London, Norwich Union, Citizens of Montreal.

All these companies, through their representatives, have joined the board, except the Citizens, which, it is understood, will do so soon. The agents signing the agreement are as follows :

J. C. Bales, Jas. Burns, Harry Crousdale, Findlay, Durham & Brodie, Hall, Goepel & Co., H. F. Heisterman, H. Dallas Helmecken, Lowenberg, Harris & Co., Henry S. Mason, Wm. Monteith, Nicholles & Renouf, Thomas C. Nuttall, Turper, Buton & Co., Robert Wood & Co., Welch, Rithet & Co.

### Pacific Insurance Union.

The Union will close the year stronger than ever, and with a very satisfactory record of good work done. Difficulties, some of them serious, have arisen, but they have yielded to a conservative but firm treatment. During the past five months the Executive Committee has been considering various important violations of either the letter or the spirit of the compact, and all the more serious cases, with one exception, have been satisfactorily disposed of at the present writing. That solitary exception is in a fair way of adjustment, and the new year will doubtless witness a clean start for the Union, with all obstructions removed.

The Pacific Insurance Associates, which was an organization capable of if not designed for evading the commission regulations of the Union, for a time threatened the integrity of the compact; but we are pleased to report its dissolution. It is surprising that a prosperous general agency like that of Messrs. Jacobs & Easton, the organizers of the Associates, should have pursued such improper methods, or have found it necessary to bid for the business of brokers by making them partners. It is due to Jacobs & Easton, however, for us to say that they voluntarily disincorporated the Insurance Associates.

Another trouble which is happily terminated was the rebate practices in Oakland. The giving of rebates had become so demoralizing that a suspension of rates in Oakland had been resolved upon, but the occasion for so radical a corrective no longer exists.

Some of the San Francisco brokers, if not promptly checked, will raise some breakers ahead of the Union. It is already a matter of some notoriety that brokers who cannot secure a license from the Union are placing considerable business in spite of such official embargo, and, moreover,

these interdicted characters are giving large rebates to the assured. Behind this successful violation of the Union's authority is a dangerous greed for business, and behind this greed and these rebates lurks demoralization. The standard of underwriting morals is still a dangerously low one if unlicensed, defaulting and rebating brokers may successfully follow their vocation in defiance of the Union and its prohibition of rebates.

#### Another Embezzler.

General Agent Magill has caused the arrest of J. M. Newman of Oakdale for the embezzlement of premiums due the Home & Phoenix. Newman is now under bonds. He also represents other companies to whom he is doubtless in default. There were the usual arrears in accounts, and the old chestnut of delinquent policyholders was tendered in excuse; but investigation showed that the alleged outstanding premiums did not exist. Newman had collected and spent them, and when exact information was demanded, he permitted the letters from his principal to go unanswered.

Newman, who is a pupil of Howe, also a defaulter at one time, was quite indifferent about the little delinquency in his accounts—more indifferent, probably, than he is since General Agent Magill's vigorous action.

Why should any local agent care for threats or for legal obligations and penalties? Did anybody ever hear of the punishment of an embezzling insurance agent? The companies seem too greedy for business to risk its loss by prosecuting for the misappropriation of some of its funds. Embezzlements are apparently regarded merely as a division of the profits or an irregular way for the companies to evade the 15 per cent. regulation of the Union.

Probably Newman reasoned somewhat after this fashion, and who shall say that he was not warranted in reasoning thus? Are not the companies lax in requiring prompt settlements? Is there not a long list of embezzling brokers and agents who never refunded their shortages and were never punished? Does not the greed

for business impel some companies to employ these known embezzlers?

It is to be hoped that the resolution to prosecute Newman will be carried out to a conviction. He is no more guilty than other defaulters who have gone unpunished, but he is as guilty as some men who have worn stripes and served the State without wages. It would be well to make an example of him.

#### Not True of America.

An English journal, *Money*, says:

Actuaries are so impregnated with the dread of a further decline in the earning power of their funds, that mutations of almost equal importance from their point of view are constantly ignored. Death, as we were lately told, pays great respect to persons and classes. In years gone by only the long-lived aristocracy of land and Three per Cents. assured their lives; now all ranks do, the general tendency being for an increase in the number of assurers coeval with a decrease in the average sums assured. In other words, actuaries may count upon having to cope with a higher mortality among their patrons than that encountered by either the 17 or 20 offices during the years when these useful experiences were being gleaned.

Against the above view, it may be said that should commerce and wealth continue to extend in the future as in the past—indications are rather adverse, judging by the doleful trading experiences of the past ten years—the death-rate of the nation as a whole will further decline to an extent sufficient to partially counteract the inevitably higher mortality arising from a broader-basis business and less careful life-selection.

Oregon requires \$200,000 cash deposit in the United States, as well as a cash capital in the same sum, of all non-resident companies, but an Oregon company may be organized with only \$50,000 capital. There's consistency for you!

A company advertises in an English exchange: "Gentlemen of position invited to apply for agencies."

## COAST AFFAIRS.

## Books, Etc.

The *Vindicator* of New Orleans has issued a handsome life insurance almanac for 1888.

Strobach & Munter of Spokane Falls, W. T., send us some blotters of their own design, which they have copyrighted.

*The Open Court*, a fortnightly journal "devoted to the work of establishing ethics and religion upon a scientific basis." Chicago; 15 cents per copy.

*The Assurance Herald*, an English illustrated penny monthly, printed, as we find by diligent search, in Farnworth.

We can recommend the *American Agriculturist* of New York to our readers of bucolic tastes or duties—especially amateur farmers. Terms, \$1.50. It is a practical, original, useful, interesting, well printed illustrated monthly.

## An Incendiary Attempt.

An attempt to burn the store of Peter Allen, Beaumont, San Bernardino county, was made on the night of November 23. A mattress filled with straw from an adjoining stable was lighted and thrown into the cellar-way beneath the store, but fortunately some late home-goers from a concert discovered the fire and extinguished it. There was \$6,000 worth of insurance on the store, which would have expired on December 20. All the companies canceled at once. This they were justified in doing, whether Allen was the incendiary, as suspected, or not.

## The Kittanning Insurance Co.

This Pennsylvania mutual has "concluded to deal direct with correspondents," owing to complaints of non-payment of premiums by brokers. It offers San Francisco underwriters and others a commission of 20 per cent., and claims \$484,323.37 assets. The Kittanning is cunning enough to conceal—from the public at large—the fact that it is a mutual fire insurance company; and it is so dishonest as to misrepresent its assets. On the 1st of January, 1887, the total assets of the company were \$37,778.57, with \$19,928.73 liabilities. The pretended assets include \$445,127.59 in premium notes, which are about as valuable to the claimant as the "assets in members' pockets" of the average hat-passer. The Kittanning cannot lawfully write policies

in California, if it can find anybody foolish enough to apply for one.

## Back Numbers Wanted.

We are "short" of February, March, April, July, August, September and November numbers. Subscribers who do not preserve files of the *COAST REVIEW* will confer a favor by sending us their copies of these numbers.

## Figuratively Speaking.

With the January number we begin the publication of figures of all sorts, representing local, State, individual and aggregate experiences of fire, marine, life, accident, steam boiler, plate-glass and surety companies. There will be positive, comparative and superlative exhibits of grand totals, handsome surpluses, a great variety of percentages, assets, backsets, premiums, losses, gains, and so forth. These delightful statistical exhibits will continue for several months, until the reader will be able to speak as figuratively, if not as eloquently, as he may choose. The price of subscription will remain as heretofore, nevertheless.

## A Presentation.

On the 15th ult., Geo. Vincent, who has been employed in the New Zealand office for the past four years, departed for Portland, where he will fill the position of accountant in the company's branch office. His associates in the San Francisco office, on the eve of his departure, presented him with a handsome dressing case as a memento of old times. The presentation was made by Mr. Craig, the manager of the New Zealand for this Coast. Mr. C., in a concise speech, expressed much pleasure in uniting with his clerks in a sincere wish for Mr. Vincent's welfare, and hoped that the juniors would see in Mr. V.'s promotion an indication that faithful service does not pass unnoticed.

## The Alarm-Box Key Suits.

The dwelling burned (May, 1885) was occupied by Peter Hallen, who claims to have gone to the residence of John Brickwedel, the custodian of the key to the fire alarm-box, who refused to surrender it because he

did not see the fire. Wallace, the owner, began a suit against Brickwedel for the amount of his loss, and recently the latter filed his answer. He denies that he refused Hallen the key, and says that he is not a recognized agent of the fire alarm telegraph, as he receives no salary for notifying them of fires, and if they are not on hand to do their duty it is no fault of his. The defendant asked that the case be dismissed with costs to him. The real point at issue, the responsibility for neglect or refusal to give the key to the alarm-box, remains undecided.

#### The South British.

The annual meeting of the South British Ins. Co. was recently held in Auckland, N. Z. Premiums to the amount of \$1,175,850 were reported for the year ending August 31. A dividend of 4 per cent. for the half year was declared. The chairman announces that the business of the company in Great Britain is now in a better condition than ever before, with brighter prospects. Referring to the changes at San Francisco, he says the management has every reason to be satisfied with the arrangement whereby the company reinsured the business of the National in this field.

#### A Wheat Ship Lost.

The *E. F. Sawyer*, an American ship of 1,900 tons burthen, loaded with wheat from San Francisco, collided with the British ship *Polinurus*, in the English channel, last month, and sank. She was insured for \$120,000, as follows: Thames & Mersey, \$80,000; Anglo-Nevada, \$20,000; Standard, \$7,000; Firemans Fund, \$5,000; Chinese, \$2,500; British & Foreign, \$2,500; Marine, \$2,500.

#### Potrero Fire.

On the afternoon of November 26th, a fire broke out in the Potrero, and, owing to an insufficient water supply, it was not extinguished until nearly two squares of frames were swept away. In all, about forty-five buildings were burned, and some fifty families were rendered homeless. The total loss was less than a hundred thousand, with about \$39,000 insurance. The Union Iron Works had a narrow escape. This part of the city, which contributes its

share toward the maintenance of the fire department, has long been shamefully neglected in the matter of fire protection. The water main is small, and the "head" of water feeble, and the nearest engine-house is a mile or more away. There is a hose-house in the Potrero, however, and with a sufficient supply of water under a good pressure the fire might have easily been controlled at the outbreak.

#### Lynched.

As hanging does not reduce the crop of murderers, apparently, it is not likely to restrain the hand of the incendiary, who may more easily escape detection. We cannot, therefore, expect that the lynching of the Mexican lad at Modesto for arson will diminish the incendiary fires which lately have been so numerous in California. The young man was caught in the act of firing a building, and as there had recently been so many incendiary fires in that vicinity, and set by him, according to his own confession, he was swung aloft by an infuriated crowd of men. He could give no reason for his conduct.

#### An Autograph Album.

A Los Angeles local has been collecting the autographs of San Francisco underwriters, and among others he secured the following:

OUR "FOUR-IN-HAND"

and all Thorough-breds!

THE LION—Strength and Majesty!

IMPERIAL—Age, Wealth and Experience!

ORIENT—Hartford "Wine needs no Bush!"

WASHINGTON—The Agents' Favorite, "I cannot tell a lie!"

GEO. D. DORNIN, Manager.

WM. SEXTON, Ass't. Manager.

#### Caught on the Fly.

Seneca Augustus Swalm, a San Francisco life insurance solicitor, was arrested near the State line, in a sleeping car, on a charge of forgery. He was running away, under well grounded apprehensions of arrest. On the 6th inst. he was "bound over," after a preliminary examination.

In Stafford, Eng., the men who man the pumps at a fire are paid "one shilling and ninepence," for which they must wait three or four months, and take their pay in hats, the Mayor being a hatter.

## CHIPS.

—Wm. J. Landers visited New York and other Eastern cities last month.

—F. V. Andrews & Co., of Portland, have started a branch agency at Seattle.

—The firemen in Kansas City raze ruined walls with dynamite. The Chicago anarchists raised the *devil* with it.

—Subscribers who remove from one city to another should give the name of the town to which their COAST REVIEW is addressed, when asking the address to be changed.

—A fraternal paper about to be started in San Francisco is to be called the *Age of Gold*. As it will champion co-operative insurance of every kind we suggest that the new journal be called the *Age of Steal*.

—"I don't know why the papers should speak about the 'fire plugs,'" remarked a countryman, as a San Francisco steam fire engine rolled swiftly by. "Them fire department horses are as fine animals as ever I seen!"

—The large number of deaths from diseases of the lungs and heart—about one-half the whole number—indicates that the medical examination is not as thorough and complete as it should be. There is evidently carelessness or ignorance, or even worse, on the part of those who made the medical examinations, or such a result would be impossible.—*Grand Medical Examiner, A. O. U. W.*

—The Commercial Union Assurance Company, Limited, has appointed W.P. Thomas as special agent and adjuster. Mr. Thomas, with his fifteen years' experience in business on this Coast, during the last eight years associated with the South British, has necessarily a thorough knowledge of the agency field. With him as senior special, T. H. Allen, Jr., special with headquarters at Portland, and E. T. Niebling, special with headquarters at Los Angeles, the business of the Commercial Union will doubtless continue the progress enjoyed in the past, as all the gentlemen referred to are competent to carry out the liberal policy and methods of the company in its intercourse with agents and claimants.

—A San Francisco daily headed the President's message, the "Burning Issue," but we looked in vain for any reference to the annual burning of \$110,000,000 in this country.

—They have just heard in China that a cow kicked over a lamp and fired Chicago. The authorities of a seaport city in that country have prohibited the use of petroleum as a burning fluid, but its importation for "other purposes" is allowed. A watch was kept for the first ten days, and every Mongol who lighted his kerosene lamp was fined or threshed. But another Chinese town (Swatow) was burned because of a paper lantern and candle combination.

—The Chosen Friends is sued by a San Francisco claimant for \$3,000. The order refuses to pay because the deceased member was not properly reinstated after suspension. It was shown that his dues and assessments had been accepted regularly after two or three such suspensions for non-payment of assessments. The defense is a technical one which shows that there is no charity or fraternity in that particular order or in any other, for that matter.

—If merchants do not want a demoralized market for their wares, owing to the sale of "slightly" damaged goods at an actual sacrifice, they must insist upon the companies being just, not liberal, in the settlement of mercantile claims, and then they must give the companies their moral support when they resist exorbitant claimants and blustering brokers.

—The co-operatives, like the Bankers & Merchants, get a good deal of free advertising in exchange for a free certificate of membership, and a receipt for the first year's annual dues. Many publishers of both country and city papers are foolish enough to swallow such bait, and apparently become members without a thought of the assessments which are to follow. Such papers as *Texas Siftings*, *Demorest's Magazine*, *The Judge*, *The Journalist*, etc., hold their advertising at a very cheap rate when they compete with the *Hotel Gazette* and the *Uptown Visitor* for the card of a hatter in exchange for a certificate of membership.

—A gasoline stove exploded in San Diego the other day. The kitchen roof looks shabby, and the cook wears a dress of flour, molasses and rags. The flames were readily extinguished.

—The Pacific Insurance Associates has been dissolved. This organization was a corporation formed and run by Messrs. Jacobs & Easton, wherein a number of prominent brokers were taken in as stockholders, and it has been the cause of considerable trouble to the Pacific Insurance Union.

—Rodney H. Marchant has been appointed manager of the Central California agency of the Union Mutual Life Insurance Co. Mr. Marchant is well posted in life insurance, and his appointment will doubtless be endorsed by a very satisfactory growth of business. The new office of the Central agency of the Union Mutual is in the Safe Deposit building, at 328 Montgomery.

—Artesian water has been struck in a well sunk in the river bed at Old Town in San Diego. Fine water is said to be flowing at the rate of 17,000 gallons per hour. A monster pump, with a capacity of 3,000,000 gallons per day, has been ordered. Now that it is known that San Diego lies within the artesian belt, the great water question is considered solved, and the people are jubilant. We hope there will be no disappointment.

—Being an editor and a publisher, we are offered "free of charge as to admission fees" a membership in the Security Mutual Benefit Society of New York. This is kind in the Security, but until a better and satisfactory security is offered for the payment of the certificate, we must decline to become liable for the numerous assessments which are the essential condition of membership.

—The Firemans Fund will this year issue no calendars, but agents will be liberally provided with other advertising material. It is a venture in opposition to a prevailing custom, and we shall watch the issue with interest. There is no good reason why the insurance companies should provide the community with calendars. If the Firemans Fund should reconsider its resolution we shall be disappointed.

—Suspended—the Cincinnati *Courant*, the New York *Insurance Age*, and the Chicago anarchists.

—H. Griffin, for the past seven years a local agent in Oakland, representing Hutchinson & Mann's and other companies, died last month.

—A. F. Johns has been appointed manager of the Los Angeles branch of the Oakland Home, and J. S. Garetson manager of the San Diego branch.

—C. H. Stringer, Secretary of the Pacific Department of the South British, has charge of the office during Manager Macpherson's three-months' absence.

—An adjuster was called upon to adjust a small loss in this city. The claimant, a German, describing the fire, said: "I vos retter haf \$50 as pe so scaret."

—Greenbacks are so rarely seen on this Coast that Confederate money is palmed off by swindlers. No insurance agent is green enough to be thus caught.

—The publishers of the *Ætna* of Hartford offer a prize of \$50 for the best original sketch or story based upon or illustrating the benefits of life insurance.

—Associate Manager Chalmers met with a painful accident on a recent frosty morning. He was descending the outer stairs of his dwelling, and slipped. In the effort to save himself he clutched the banister railing and dislocated his right shoulder. The accident will disable him for some time.

—On the 9th Messrs. Ferguson & Winston followed Mr. Raymond's lead, and honors were easy, until General Agent Forbes' budget was opened, and the following galaxy displayed: Eight applications for \$234,500, of which one was for \$25,000, one for \$28,000, one for \$50,000, and one for \$100,000.—*Mutual Life W. S.*

—In August, 1886, several grain-field fires were caused by sparks from the locomotives of the California Southern R. R. Co. Baldwin, one of the uninsured losers, brought suit against the company, and recently recovered the amount sued for. The company has since voluntarily paid the insurance companies the amounts paid on these grain-field losses.

—A petroleum boiler exploded at San Jose last month.

—The United States Life is reporting much new business.

—Wash. G. Cain, general insurance agent at Tyler, Tex., visited California last month.

—An immigrating Kansas insurance agent lost \$2,000 worth of uninsured household goods at the Los Angeles depot fire.

—The man who never makes a mistake called with a complaint last month. The air was streaked and cerulean during his visit.

—C. F. Bunker, late of Chicago, has been appointed special agent for the *Ætna*, under Manager Boardman, *vice* Major Burns, deceased.

—The *Weekly Underwriter* of New York has issued a handsomely illustrated and very interesting historical sketch of underwriting in Philadelphia.

—The woodwork surrounding the furnace in a church building in this city caught fire during the absence of the janitor, and before the flames were extinguished \$4,000 damage was done.

—A San Francisco reporter writes of the "inflammable flavor" of petroleum. The odor of a toper's breath is said to be combustible, but this is the first time we ever heard of an inflammable flavor.

—C. V. S. and W. C. Gibbs, marine adjusters, have removed from 318 California to room 18 at 303 California, in the building occupied by the Commercial Union office. The Messrs. Gibbs now have an elegant office.

—The Union Mutual Life gives a new version of the old story in our advertising pages this month, and briefly summarizes its excellences and special features. The headquarters of the Western department are now in San Francisco.

—J. Drummond Macpherson, general manager of the South British for this field, sailed for New Zealand last month. He will return in about three months. Wm. Greer Harrison has consented to act as local adviser to the company during Mr. Macpherson's absence, at the request of the latter.

—The premium income of the Firemans Fund on this Coast shows an increase of \$40,000 over the same time last year.

—In the revised "ad" of the Travelers, this month, rates and leading features are given. This company now gives special benefits for loss of sight, hands or feet.

—S. A. Ranlett has been elected Secretary of the Washington Fire and Marine Ins. Co. of Boston, taking the place of A. W. Daman, who has resigned, and will locate in California.

—E. Whitney & Co., of Boston, recently appointed general marine agents of the California for the Atlantic ports by Secretary Fowler, have sent out a very neat notice to that effect. The autograph signatures of the several members of the firm are given, in addition to the annual statements of the two companies.

—A big livery stable burned in Los Angeles on the morning of the 3d inst. The loss, including that on adjoining property, is said to be nearly \$200,000, with very light insurance. The fire was an incendiary one. So swift was the spread of the flames that before fifty people could reach the spot ninety horses were dead or unconscious, some in their stalls, some in remote corners. A few carriages only were saved.

—General Manager Weed, during his visit to San Francisco, provided for the extension of the agencies of the Pacific Department to all the States and Territories west of the Rocky Mountains by the Liberty Ins. Co. of New York. This will greatly assist General Agent Watt in building up a large and profitable agency for his four companies—the American Central, Amazon, Pacific and Liberty.

—The date of the annual meeting of the Fire Underwriters' Association of the Pacific is approaching, and we suppose the "boys" are pegging away at their papers, or have resolved to do so at once. We renew our recommendation that they do not "read up" on their appointed topic, because they cannot hope to treat the subject in an original manner if they do. By the way, it is to be hoped George Grant will have another dream.

—The Firemans Fund sign has an apostrophe in it!

—Shakespeare is an insurance agent, and he lives at St. Helena in this State.

—The *Western Fireman-Investigator* speaks of "the large number of destructive fires occurring in San Francisco this year." What fires? San Francisco has been remarkably free from destructives fires this year.

—"As usual, the water supply was short," says a Los Angeles paper, referring to a recent fire. The authorities should hasten the laying of that new 32-inch main, and the purchase of the new fire engines for which they have advertised. Los Angeles has grown so fast that her fire department, water supply and hydrants are ridiculously inadequate.

## INDEX. COAST REVIEW.

Vol. XXII.—1887.

### FIRE, MARINE, LIFE, Etc.

	PAGE.
<b>A</b> GENCY, Good Will of.....	204
Agents, Warning to.....	34
Agents' Compensation.....	287
Agents, Liability of.....	345
An Insurance Center.....	913
Another Embezzler.....	919
Anti-Compact Legislation.....	131, 219
Amendments to State Laws.....	210
Arizona License Law.....	297
Assets.....	121
Abbott's Defalcations, Suits Growing Out of.....	436
Anti-Compact Law of Michigan.....	589
Adjusters' Stories.....	896, 661
Agents, Methods of.....	16
Average Age.....	743
Alleged Superstition.....	825
Assessment Life Insurance.....	364
Assets of Life Companies.....	207
Assessment Insurance Laws.....	44
<b>B</b> AD Defense.....	345
British Life Insurance.....	835
British Columbia.....	918
Brokerage.....	727
Broker, the.....	914
<b>C</b> OMPANIES—	
State.....	18, 40, 206, 217, 297, 438, 683
Franco-Hungarian Admitted.....	43

Mechanics & Traders Admitted.....	46.
Southern Admitted.....	46
American of New York Admitted.....	216
National of New Zealand (withdrawn).....	135
Pacific Insurance Association.....	297
Straits Admitted.....	298
Transcontinental.....	306
Magdeburg Admitted.....	367
Granite State Admitted.....	377
California Title.....	378
Fargo (failure).....	142
Insurance Associates.....	452
Underwriters' Guild.....	453
Liberty Admitted.....	456, 530, 903
Ins. Co. of Dakota Admitted.....	532
Economic Admitted.....	607
Traders General.....	608A
Phenix Impairment.....	675
Anglo-Nevada, official changes.....	840, 843
Farmers & Merchants.....	841
Farragut, Return of.....	844
California Life & Accident (failure).....	47, 593
Home Provident Association.....	42
Home Accident Association.....	41, 378
California Mutual Life.....	25
Mutual Trust Fund (failure).....	18
Great Western.....	140, 277, 583
Accident Ins. Co. of N. America (withdrawal).....	220
Knights of Honor.....	360, 457
Guaranty.....	379
National Live Stock.....	379
Legion of Honor.....	435
Santa Rosa Mutual Endowment.....	437
Mutual Reserve Fund.....	453, 575, 606, 745, 907
Fidelity Mutual.....	455
Mutual B. L. A.....	457
Royal Arcanum.....	511
Home Benefit.....	515
Employers, Liability Admitted.....	531
United Workmen Relief (failure).....	575
Guardian Mutual.....	584
Bankers & Merchants.....	594, 751, 755, 769
United Friends of the Pacific (failure).....	599, 678, 739
Hartford Life & Annuity.....	907
Kittanning.....	920
American Eagle.....	908
Northwestern Masonic.....	660
Occidental Endowment Association.....	666
Tontine Society.....	682
Ancient Order of United Workmen.....	580, 742, 770, 822, 823, 840
United Life & Accident.....	744
Masonic Mutual Aid.....	821
Mutual Endowment of Oakland.....	285
Commission Question on the Coast.....	368
California Life Business.....	119
California Accident Business.....	107
California Life and Accident Tables.....	95, 96
California Insurance Bills.....	108, 114, 131
Coast Marine Table.....	118
Coast Fire Insurance.....	29, 134
Coast and California Tables.....	82, 116

Co-operatives Members' Liability.....	893	Knapsack.....	182
Canton and the Chinese.....	272	San Francisco Historical Sketches.....	182
Colorado Report.....	275	A Wife's Remedy.....	183
Chronicle Fire Tables.....	352	From a Local's Standpoint.....	184
Callingham, W. J.....	281	Losses and Adjustments.....	185, 260
Contested Claims in Life Insurance.....	658, 659	Ancient and Modern Policy Forms.....	190
Creditors' Rights Under Life Policies.....	737, 823	Legislation and Taxation.....	192
Converted Co-operative.....	742	Our Penitent Brother.....	196
Collision Clause.....	748	Fire Department and Water Supply.....	200
Crude Petroleum, Storage of.....	835	Underwriter of the Future.....	255
Compact Legislation.....	815	Local Agent.....	259
Co-insurance in Chicago.....	816	The Coast Review.....	267
Compact Figures.....	729	Good and Bad.....	268
California Commissioner on Co-operative Insurance.....	590	Local Agents' Association.....	269
Court Decisions (see "Legal").		Flour Mill Hazards.....	666
Costly Assessment Insurance.....	431	Fire Underwriters' Association of the Northwest.....	738
Colorado's Co-operative Law.....	347	French Life Insurance Fraud.....	813
City v. Ins. Cos.....	296, 905		
Cotton-Ship Fires.....	911	<b>G</b> OOD Logic.....	655
Cremation, Quicklime Instead of.....	908	Graveyard Insurance in Michigan.....	444
		Gasoline Boiler Explosion.....	381
<b>D</b> IMICK'S Unsuccessful Appeal.....	816	Grain Crop Insurance.....	209
Durability of California Buildings.....	532	Good Will of an Agency.....	204
Dividends or Life Insurance.....	357	Grand Jury Report.....	911
Dead California Co-operatives.....	913		
		<b>H</b> OTEL Del Monte Fire.....	286
<b>E</b> LEVATOR Shafts.....	271	Hotel Fires.....	286
Early Failure, the.....	669	How They Rank.....	357
Earthquakes.....	894	Honolulu.....	442
Expenses, Question of.....	832	Honesty is the Best Policy.....	587
Equitable Agency Change.....	518	Hawaiian Islands Trade.....	421
English Accident Policy Clause.....	521	Hoyt Defalcation.....	20, 126
Ettinger Loss.....	600, 678		
		<b>I</b> DAHO, New Law of.....	98
<b>F</b> IRE, Precautions Against.....	17	Indiana Co-operative.....	741
Fire Companies' Figures.....	203	Insurance Commissioners' Convention.....	747
Fire Insurance, Expensiveness of.....	273	Incendiarism.....	726, 842
Fires, Large United States.....	22	Interest Rate.....	419
Fires, Large Coast.....	24	It's Nonsense, You Know.....	359
Fires, Monthly United States.....	24	Incendiary Dog.....	891
Fire and Marine Business of 1886.....	276		
Fire Trap Buildings in England.....	281	<b>K</b> ANSAS Business.....	896
French Insurance Laws.....	522, 812		
Fire Marshal's Good Work.....	750	<b>L</b> UMBER Risks.....	430
Fire Patrol's New Quarters.....	751, 910	Los Angeles.....	516
Fire Underwriting in Germany.....	819	Lucky San Francisco.....	519
Fire Escapes.....	820	Life Assets, Valuation of.....	513
Fire Brigades in Large Cities.....	831	Life Policies and the Surplus.....	427
Forest Fires.....	834	Lloyds.....	418
Fire Hazards of the Orient.....	365	Life Insurance for 28 Years.....	355
Foreign Companies' Figures.....	367	Life Tables.....	350, 348, 273
Firemen's Relief Fund Case.....	27, 905	Life Insurance in Principal Countries.....	9
Fire Patrol Report.....	93	Life Insurance, Plea for.....	24
Fire Patrol Social.....	913	Life Insurance, Origin of.....	35
Fire Inquests.....	95	Life Notes.....	826
Fire Underwriters and Fire Departments.....	735	Life Underwriter and His Work.....	513
Fire Underwriters' Association of the Pacific.....	107	Life Solicitor's Misrepresentations.....	517
Annual Meeting.....	169	Lloyd's Policies Not Always Good.....	895
Papers Read at Annual Meeting—		Los Angeles Fire Protection.....	910
President Clark's Address.....	171		
Local Agents.....	174	<b>M</b> UTUAL Fire Insurance.....	27
Does it Pay?.....	177	Months, States and Fires.....	36
New York Standard Form of Policy.....	179	Metropolitan Compact.....	369, 284
		Marine Underwriting on Coast.....	119

Marine Items.....	373, 673
Marine Reinsurance.....	504
Market for Frame Ranges.....	668
Missouri's New Co-operative Law.....	422
Mariano Rubio Case.....	581
Massachusetts Laws.....	123
Mill, Mutuals & Stock Companies.....	894
Mailiard & Dickson.....	219

<b>N</b> EW YORK No-Compact System.....	805
New Local Company.....	99
Nevada Report.....	106
Not a Disinterested Counselor.....	583
Northwestern Sentiment.....	725
Nye's Fire Escape.....	754
Notes from the Northwest.....	817
New York Rates.....	657
Nevada Assessment Law.....	277
New Hampshire Insurance.....	583
New Zealand Correspondence.....	206

<b>O</b> BITUARY—	
R. M. Wilkin.....	46
Jonathan Hunt.....	519
Geo. W. Burns.....	607
John M. Thompson.....	840
S. P. Wells.....	841
John Rae Hamilton.....	383
Old Fire Insurance Badge.....	509
Oregon Legislation.....	125
Oregon, New Law of.....	202, 211
Oakland Advisory Board.....	747

<b>P</b> ALMER & REY Loss.....	600, 678
"Parallel" Insurance.....	374, 141
Pacific Insurance Union.....	26, 918
Jurisdiction Extended.....	356
Election.....	363
Cultivating Prejudice Against.....	435
Champion the.....	439
Philadelphia Compact.....	133

<b>P</b> ersonal—	
Fred. T. Hoyt a Defaulter.....	20
Williams, E. D.....	45
Prindle, Harry.....	458, 105, 140
Riese, J. F.....	530
Harper, E. B.....	658
Hesse, Wm. Jr.....	218
Gardemeyer, P. D.....	755, 437
Sloan, A. E.....	301
Allen, R. K.....	759
Middlemiss, J. R.....	142
Abbott, R. W.....	436
Swalm, Seneca.....	904
Newman, J. M.....	919
Parallel Cases.....	353
Portland Items.....	444, 202
Policy Suggestions.....	657
Premiums and Losses by States.....	819
Petroleum Storage.....	697, 835
Petroleum, Spontaneous Combustion.....	892

<b>R</b> ETROSPECT.....	30
Reinsurance of Marine Risks.....	359
Rebates.....	751

Reinsurance Reserve.....	812
Renewals and Reinsurance.....	814
Redwood.....	833
Right of Policyholders to Change Beneficiary..	507

<b>S</b> URRENDER Values.....	23
Some Results of Life Insurance.....	273
Superannuation Funds.....	666
Settled at Brokers' Dictation.....	753
Stock Co-operative Lie.....	741
Shoe Factory Risks.....	419
Surety Insurance.....	759
Six Months' Figures.....	738
Shipping Business in Liverpool 40 years ago..	889
Seven Hundred and Seventy-Four.....	683
Street Railroad Buildings.....	512
San Diego and the Compact.....	121
Smith & Moody Assign.....	287
Steamer Mexico Loss.....	292
San Francisco Fire Premiums.....	283
San Francisco Losses for Six Months.....	585
San Francisco Business for Six Months..	598
San Francisco Fire Department.....	586
San Francisco Losses for Seven Years.....	608a
San Francisco Agency and Office Business.....	207
Seasons.....	361
Southern California.....	588
Southern California, Cheap Buildings in.....	909
South, Dwelling Insurance in the.....	584
San Francisco Business, Gains in.....	380
Singular Case.....	909
San Diego's New Building Law.....	901

<b>T</b> EXAS Correspondence.....	17
Texas, New Law of.....	438
Term Risks.....	746
Theatre Fires.....	740

<b>U</b> NDERWRITING Down South.....	509
Underwriter Defined.....	44

<b>W</b> ONDERFUL Results of a Life Policy....	16
Wanamaker's Opinion.....	585
Whiteley's Fire.....	677
Watt, Rolla.....	382
Wisconsin Wisdom.....	135

**LEGAL.**

<b>C</b> ases Digested—	
Ferguson v. National.....	13
Day v. Mill Owners.....	13
Phoenix v. Adams.....	14
Rifle v. Lebanon.....	14
Johnson v. Connecticut.....	14
Seigrist v. Schmaltz.....	14
Kohen v. Mutual Reserve Fund.....	14
Stevens v. Citizens.....	89
White v. Western.....	90
Dual v. Western.....	90
Kelly v. Humbalt.....	90
Nurney v. Firemans Fund.....	91
Carson's Appeal.....	91
Saveland v. Fidelity.....	91
Weise v. San Francisco Musical.....	91
Grange Mills Co. v. Western.....	249
Planters v. Rowland.....	250

Marthison v. North British.....	250	Holman v. Connecticut.....	502
Phoenix v. Allen.....	250	Grant v. Kline.....	502
Alexander v. Continental.....	250	Brown v. Metropolitan.....	502
Boyd v. Cedar Rapids.....	250	National B. v. Bowman.....	570
Bankhead v. Des Moines.....	250	Keystone v. Norris.....	570
Blake v. Hamburg-Bremen.....	250	Ellsworth v. Aetna.....	570
North British v. Crutchfield.....	251	Guest v. New Hampshire.....	571
Commercial v. Capital City.....	251	Harrison v. Hartford.....	571
Hartford v. Thomas.....	251	Swanson v. Sun.....	571
Brown v. American Central.....	251	Bristol v. Indemnity.....	571
Hurst v. Home Protection.....	251	Cottam v. Mechanics.....	572
Blake v. M. v. Rodden.....	252, 343	Connecticut Mutual v. Fisher.....	572
Montague v. Southern.....	252	Holly v. Metropolitan.....	572
Accident v. Crandall.....	252	Pingrey v. National.....	573
Eddy v. Hawkeye.....	253	Lamont v. Hotel Men's.....	573
Lebanon v. Hume.....	253	Utter v. Travelers.....	573
Beneficiary v. Roman Catholic.....	253	Quinn v. Capital.....	646
Hawes v. Fire Association.....	255	Kelly v. Humboldt.....	646
National v. Miller.....	302	Meyers v. Council Bluffs.....	646
Russel v. Cedar Rapids.....	340	Stone v. Franklin.....	647
Phoenix v. Pratt.....	340	Home v. Gwathmey.....	499, 647
Briggs v. Firemans Fund.....	341	Cuthbertson v. Home.....	648
Palmer v. Hartford.....	341	Mutual v. Gordon.....	648
Continental v. Jochechen.....	341	Wales v. Bowery.....	648
Commercial v. Allen.....	341	Dreyfus v. Marks.....	648
Fire Ins. Ass'n v. M. & M. Tr.....	341	Wilsons v. Owners.....	649
Royal Ex. Sh. v. Dixon.....	342, 811	Thames & Mersey v. Hamilton.....	650
Adelaide v. Colonial.....	342	McIwath v. Adams.....	650
Boyle v. Bessarabia.....	342	Mutual L. v. Watson.....	651
Continental v. Rogers.....	343	Met. L. v. McTague.....	651
Tennant v. Travelers.....	343	Manly v. Knights.....	651
Streeter v. W. U. M.....	344	Price v. Knights of Honor.....	651
Western v. Rector.....	347	Jackson v. Anderson.....	651
Lewis v. New England.....	347	Bacon v. U. S. M.....	730
Barron v. Burnside.....	433	Northwestern v. Muskegon.....	730
Lebanon v. Leathens.....	459	Palmer v. Hartford.....	730
Bennett v. Council Bluffs.....	459	Oshkosh v. Mercantile.....	731
Commercial Union v. Hocking.....	459	Ins. Co. of North America v. Brim.....	731
Cohen v. Continental.....	460	Keyser v. Hartford.....	731
Bonneville v. Western.....	460	Firemen's v. Floss.....	731
Fire Ass'n v. Dickey.....	460	Bugby v. Phoenix.....	731
German-American v. Hocking.....	460	Amick v. Butler.....	731
Cleaver v. Traders.....	461	Parsons v. Charter Oak.....	732
Kyle v. Commercial Union.....	461	National Life.....	732
Graham v. Ontario.....	461	Burlington v. Johnson.....	732
Harle v. Council Bluffs.....	461	Home v. Gilman.....	808
Atkinson v. Hawkeye.....	462	Anderson v. Continental.....	808
Moite v. Sovereign.....	462	Chadbourne v. German-American.....	809
Owen v. Howard.....	462	Sun Mutual v. Travelers.....	809
Whorf v. Eq. M.....	462	Norwich Equity v. Royal.....	810
Defourcet v. Bishop.....	462	Quitty v. Continental.....	811
Northwest Tr. v. The Manitoba.....	463	Freeman v. Travelers.....	811
Younge v. Equitable.....	463	Dennis v. Union Mutual.....	839
Davidson v. Hawkeye.....	499	Morrison v. Ins. Co. N. A.....	879
State v. Richmond.....	499	Bennett v. Agricultural.....	880
Nicolson v. Colonial.....	499	Hanover v. Lewis.....	880
Frozen v. Allemannia.....	499	Frost's v. Millers & M. M.....	880
Landers v. Watertown.....	500	Havens v. Home.....	881
Cayon v. Dwelling House.....	500	Home v. Howard.....	881
Lebanon v. Hoover.....	500	Holmes v. National.....	882
New Orleans v. Gordon.....	500, 571	Westminister v. Glasgow.....	882
Smith v. Agricultural.....	500	Wolff v. Liverpool.....	882
Carmichael v. Liverpool Sailing.....	500	Staples v. Joseph.....	883

Fuller v. B. & O.....	883	Burleson v. Northwestern.....	437
Blackburn v. Vigers.....	883	No Rehearing.....	531
California Supreme Court Decisions—		Liability of Railroad Companies for Fire.....	574
Kruger v. Western.....	341, 424	Place of Trial.....	651
Carroll v. Girard.....	425	Warranties and Representations.....	733
Hegard v. California.....	502, 531	Tontine Policyholder Entitled to an Account- ing.....	883
Baker v. Firemans Fund.....	651	Dennis v. Union Mutual.....	839
Gold & Co. v. Sun.....	732	Liability of Co-operative Member.....	893
Menk v. Home Mutual.....	881	Foreign Corporations.....	903
City of San Francisco v. Liv., Lon. & Globe	883		
City of Stockton v. Western.....	888		
U. S. Circuit (Cal.) Decision—		<b>MISCELLANEOUS.</b>	
Tennant v. Travelers.....	337	Insurance Advertising.....	278
Honolulu Supreme Court Decision—		A Parody.....	279
Michiels v. Hartford.....	423	Fishermen's Luck.....	282
U. S. Supreme Court Decision—		Lutheran-Beecher Correspondence.....	290, 354
Barron v. Burnside.....	433	Live Stock Insurance.....	351, 734
Arson—Territorial Law.....	456	Petroleum Accidents.....	441
Proofs of Loss after Ten Years.....	25	Retort Courteous.....	443
Firemen's Relief Fund Case.....	27, 45, 296, 883	Two Fish Stories.....	519
Liability of Directors.....	37	Keep Your Temper.....	577
Evans v. Accident Insurance of North America	46	Taxation of Gross Premiums in Pennsylvania..	579
M'Cormick & Delany Case.....	344	Health Insurance.....	653, 668
An Oregon Surety Decision.....	206	Chatsworth Railroad Accident.....	669
Iron Safe Attached Clause.....	360	Ancient Insurance.....	674
Cramer v. Tittel.....	217	McGinnis' 15 per cent. Verses.....	737
An Unquestionable Decision (Kruger v. West- ern).....	424	The First Mistake.....	743
Proofs and Arbitration.....	425	Private Friend's Reference.....	813
Removal of Causes to Federal Courts.....	433, 660	Printers' Blunders.....	831
		Responsibility for Unfriendly Juries.....	19
		Answers to Correspondents.....	20
		First Coast Insurance Journal.....	530

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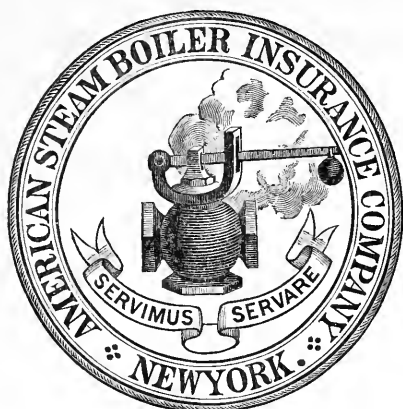
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We mail this month, and shall continue to mail for the next two or three months, several hundred sample copies to agents on the Pacific Coast, and in the principal Eastern and Southern States. The receivers are requested to seriously consider a proposition which we are about to make, namely, that the *Coast Review* shall visit them monthly for one year and three dollars.

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(ISSUES GUARANTEE BONDS.)

(INSURES AGAINST ACCIDENTS.)

**BONDS** of Suretyship issued on behalf of persons holding positions of trust. Will also act as surety on Bonds required in Court proceedings. **ACCIDENT INSURANCE ON ALL APPROVED PLANS.**

GEO. C. PERKINS,  
JOHN BERMINGHAM,  
H. S. CROCKER,

WALLACE EVERSON,

### DIRECTORS.

WM. CLIFT,  
H. L. DAVIS,  
ALBERT MILLER,

J. L. MOODY,  
J. N. KNOWLES,  
J. J. VALENTINE,

A. P. REDDING.

### OFFICERS.

WALLACE EVERSON.....President  
JOHN BERMINGHAM.....Vice-President  
E. F. GREEN.....Secretary  
A. P. REDDING.....General Manager

Head Office, 328 Montgomery St., San Francisco.

# NORTH GERMAN

Fire Insurance Company

OF HAMBURG.

CAPITAL AND ACCUMULATIONS. .... \$2,233,331 97

*WALTER SPEYER, General Agent,*

325 CALIFORNIA STREET,

SAN FRANCISCO.

# THE UNITED STATES LIFE INSURANCE CO.

IN THE CITY OF NEW YORK.

(ORGANIZED IN 1850.)

261, 262 & 263 Broadway, New York.

**GEORGE H. BURFORD, President.**

**C. P. FRALEIGH, Secretary.** **A. WHEELWRIGHT, Assistant Secretary.** **WM. T. STANDEN, Actuary**

All the profits belong to the Policy-holders exclusively.

All policies issued by this company are *indisputable* after three years.

All Death Claims paid *without discount* as soon as satisfactory proofs have been received.

This Company issues all forms of Insurance, including Tontine and Limited (Non-Forfeiting) Tontine.

One Month's Grace allowed in the Payment of Premiums on Tontine Policies, and Ten Days' Grace on all others, the Insurance remaining in full force during the Grace.

Absolute security, combined with the largest liberality, assures the popularity and success of this Company.

**GOOD AGENTS.** desiring to represent the Company, are invited to address J. S. GAFFNEY, Superintendent of Agencies, at Home Office, or

Dr. L. REDMON, Manager, 235 Kearny St., S. F.

# THE MUTUAL LIFE INSURANCE COMPANY

OF NEW YORK,

RICHARD A. McCURDY, PRESIDENT.

The Oldest Life Company in the United States.

Incorporated in 1842.

ASSETS, JANUARY 1st, 1887, . . . . .	\$114,181,693.24
Premium Receipts to date.....	\$301,396,206
Paid Policy-holders.....	243,616,364
Paid Policy-holders in 1886.....	13,129,104
Income in 1886.....	21,137,177

*This Company presents to those needing insurance a security unequalled by any similar institution.*

Its safe and liberal plans of insurance afford to insurers every advantage which the successful experience of the oldest and largest Life Insurance Company in this country has demonstrated to be consistent with sound business management and permanent security for policyholders.

*The Best Results thus far in the History of Life Insurance have been attained in*

**The Mutual Life Insurance Co. of New York.**

**A. B. FORBES, General Agent for the Pacific Coast,**

**401 CALIFORNIA STREET, SAN FRANCISCO.**

**ORGANIZED A. D. 1850.**

## MANHATTAN LIFE INSURANCE CO., NEW YORK.

CASH ASSETS, January 1, 1887..... \$11,310,058.00

### BUSINESS RULES.

**PREMIUMS.** The lowest safe rates. **POLICY.** As little restricted in terms as possible.  
**NON-FORFEITURE.** Secured in the Policy under the law of New York.  
**SURRENDER VALUES** fixed when the policy is issued. See printed tables.  
**DIVIDENDS** made annually, commencing with the second year.  
**MANAGEMENT** steady, reliable, business-like.  
**INVESTMENTS.** Best security sought, rather than the largest interest.  
**PRINCIPAL OBJECT.** To secure a provision for oneself or for the family.

### BENEFICENT RESULTS.

**FAMILIES BENEFITED.** Nearly 7,000 **CLAIMS PAID.** Over \$14,000,000.  
**RETURNED** to Policy-holders over \$8,000,000 of surplus premiums in Dividends.

### FINANCIAL RESULTS.

**ASSETS,** \$11,310,058.00. **SURPLUS,** \$2,205,106, by New York Rule.

If you want **INSURANCE** take our Low Premium, Non-participating Policy. If you want **INSURANCE** and **DIVIDENDS** combined, take our Mutual Policy. If you want something for **YOUR OLD AGE**, take an Endowment Policy.

**AGENTS,** honest and capable, can secure good fields for working this progressive Company. Apply at the office of

**JOHN LANDERS, General Agent,**

**240 MONTGOMERY ST., S. E. CORNER PINE ST., SAN FRANCISCO.**

# HUTCHINSON & MANN.

*General Agents for the Pacific Coast.*

N. E. Corner California and Sansome Sts., San Francisco.

ASSETS REPRESENTED.....\$27,670,117

## CONTINENTAL INSURANCE CO., of New York.

AGRICULTURAL INSURANCE CO.  
Of Watertown, New York.

CITIZENS' INSURANCE CO.,  
Of St. Louis.

CITIZENS' INSURANCE CO.,  
Of Cincinnati.

FIREMEN'S INSURANCE CO.  
Of Baltimore.

FIREMEN'S INSURANCE CO.,  
Of Newark.

GIRARD INSURANCE CO.  
Of Philadelphia.

OREGON F. & M. INS. CO.  
Of Portland.

TEUTONIA INSURANCE CO.  
Of New Orleans.

ST. PAUL F. AND M. INSURANCE CO.  
Of St. Paul.

UNITED FIRE RE-INSURANCE CO.  
Of England.

## SUN FIRE OFFICE, of London.

LONDON & PROVINCIAL M. INS. CO.  
Of London.

HARTFORD STEAM BOILER INSPECTION  
AND INSURANCE CO.  
Of Hartford.

FONCIERE MARINE INSURANCE CO.  
Of Paris.

MEROPOLITAN PLATE GLASS INSURANCE  
COMPANY.  
Of New York.

# CONNECTICUT MUTUAL

Life Insurance Company, Hartford. Conn.

ASSETS, January 1, 1887.....\$55,702,493.94  
Surplus, by Connecticut Standard.....\$5,242,243.40  
Surplus, by New York Standard, over.....8,000,000.00  
Ratio of Expenses of Management to Receipts since Organization.....8.3 per cent.  
Policies in force, Dec. 31, 1886, 63,027, insuring.....\$150,528,922.89

JACOB L. GREENE, President.

W. G. ABBOT, Secretary.

*Its splendid record of forty-one years shows conservative and most economical management. The New Contract of the Company affords perfect protection; provides for old age or necessity by the largest cash surrender values ever offered in a life insurance contract; furnishes insurance at the lowest net rates; surplus is divided annually.*

The limited premium policy (10, 15, 20, 25 payments) becomes, at the end of its term, a dividend-earning policy, the commercial value of which can be readily reckoned and made available. It may, at this time, or any five years thereafter be surrendered for its cash value, which value is stated in the policy. The policy is *non-forfeitable*; nothing, not even one's own culpable negligence, can deprive him of the full benefit of the premiums paid. Besides affording the *safest insurance*, the Company furnishes the *safest place in the world* for the people to deposit annually small or large sums of money.

JAS. L. FOGG, District Sup't of Agencies for the Pacific Coast.

F. R. NOYES, Agent at San Francisco.

OFFICE, 315 CALIFORNIA ST.,

SAN FRANCISCO.

## Phoenix Assurance Company

Of London England. Established 1782.

Cash Assets.....\$6,419,154 00

## American Fire Insurance Co.

Of New York. Established 1857.

Cash Assets.....\$1,294,437 00

## Western Assurance Company

Of Toronto, Canada. Established 1851.

Cash Assets.....\$1,411,086 00

BUTLER & HALDAN, Gen'l Agents for Pacific Coast  
413 CALIFORNIA ST., SAN FRANCISCO.

# SUN FIRE OFFICE

OF LONDON, ENGLAND.

(ESTABLISHED A. D. 1710.)

J. J. GUILLE, Manager for the United States, New York.

THE OLDEST PURELY FIRE INSURANCE COMPANY IN THE WORLD.

In Active Business Existence 177 Years.

In addition to its United States Assets, the Society holds large resources of the parent office. With these and the individual liability of its wealthy shareholders the SUN FIRE OFFICE offers indemnity unsurpassed by any other company.

Assets in the United States.....	\$1,666,681 00
Liabilities in United States..	1,117,475 00
Net Surplus.....	\$549,206 00

HUTCHINSON & MANN, General Agents Pacific Department.  
322 and 324 California St., San Francisco.

## The Mutual Benefit Life Insurance Co.

NEWARK, N. J.

AMZI DODD, - - President.

ASSETS (market values) Jan. 1, 1887.....	\$40,826,264 15
LIABILITIES (4 per cent. reserve).....	37,974,809 21
SURPLUS.....	2,851,454 94
SURPLUS (New York standard).....	5,512,129 31

Policies Absolutely Non-Forfeitable after Second Year.

\*IN CASE OF LAPSE the Policy is CONTINUED IN FORCE as long as its value will pay for; or, if preferred, a Paid-up Policy for its full value is issued in exchange.

After the second year Policies are INCONTESTABLE, except as against intentional fraud; and all restrictions as to residence, travel or occupation are removed.

CASH LOANS are made to the extent of 50 per cent. of the reserve value, where valid assignments of the Policies can be made as collateral security.

Losses paid immediately upon completion and approval of proofs.

\*A party insuring at age 35, on Life Plan, is entitled to over 4 years' insurance for 2 years' premiums; over 10 years' insurance for 5 years' premiums; over 20 years' insurance for 10 years' premiums.

On Endowment and other plans the value and extension are very much greater.

JAMES MUNSELL, JR., Agent Pacific Coast, 415 Montg'y St., S. F.

ESTABLISHED A. D. 1821.

PACIFIC DEPARTMENT  
**GUARDIAN ASSURANCE CO.**  
**OF LONDON.**

PAID UP CAPITAL.....FIVE MILLION DOLLARS, GOLD  
 CASH SURPLUS, as regards FIRE POLICY-HOLD-  
 ERS, after providing for all Liabilities..... \$7,794,215.05  
 TOTAL CASH ASSETS, including Life Accumulations. 20,617,292.37

WM. J. LANDERS,

W. A. MATHEWS,  
 Special Agent.

*General Agent,*  
 401 California Street.

**SVEA FIRE INSURANCE CO.**  
**Of Gothenburg.**

Capital authorized.....	\$2,666,666 66
Capital, paid up .....	533,333 33
Net Surplus.....	463,421 49
<b>TOTAL ASSETS,</b> . . . . .	<b>\$3,155,434 12</b>

J. M. PHILIP, General Agent,

420 CALIFORNIA STREET,

SAN FRANCISCO.

**The Insurance Laws of the State of California**

From the Coast Review Press, is a Work of Eighty Pages, with a Three-Page Index. It  
 is a Compilation of all the Sections of

**The Civil, Political and Penal Codes**

Relating to Insurance Corporations and Insurance in General, Including Many Sections  
 not Heretofore Compiled.

PRICE, \$2.00 PER COPY.

**COAST REVIEW EXPIRATION BOOK,**

*For Local Agents and Customers.*

Very Convenient. Price, 50 cents. Per 100, \$35.

**Coast Review Fire Insurance Chart.**

*Only Chart Giving Home Statements of Foreign Companies.*

Paper Covers, 50 cents; Leather Covers, 75 cents.

AGGREGATE ASSETS, \$12,106,336.

# PHOENIX INSURANCE CO.,

OF HARTFORD, CONN.

—AND—

# HOME INSURANCE CO.,

OF NEW YORK.

JOINT OR SEPARATE POLICIES ISSUED.

Pacific Department, 221 Sansome Street, San Francisco.

ARTHUR E. MAGILL, General Agent.



# THE WASHINGTON LIFE

Insurance Company of New York.

W. A. BREWER, Jr., - - - - - President

ASSETS.....\$8,269,614 00

SURPLUS, NEARLY.....\$1,000,000 00

To lessen losses by forfeiture, when premiums due are unpaid, THE WASHINGTON LIFE INSURANCE COMPANY is firmly bound in the policy to apply as premium the full amount of cash dividends to the credit of each policy, to the continuance of such policy for days, months, or years, in exact proportion of dividend to premium, and during such continuance the insured may resume the payment of premiums without a medical re-examination.

During the year (1885 only) 643 policies insuring \$1,368,500 were saved to policyholders of the WASHINGTON by non-forfeitable dividends.

WM. HAXTUN, Vice-President and Sec.  
E. S. FRENCH, Superintendent of Agencies,

CYRUS MUNN, Assistant Secretary  
ISRAEL C. PIERSON, Actuary

Dr. B. W. McCREADY, Medical Examiner.

JOHN H. GRAY, General Agent,

411 California Street,

San Francisco, Cal.

C. L. FAY, General Agent for Oregon and Washington Ty. PORTLAND, Or.

## THAMES & MERSEY

Marine Insurance Co., Limited,

Of Liverpool, London and Manchester.

Capital Subscribed, - - \$10,000,000

Capital Paid Up.....\$1,000,000

Reserve Fund, in addition to capital, 1,875,000

Total Assets June 30, 1884..... 5,312,425

WM. GREER HARRISON,

Manager,

303 CALIFORNIA STREET, San Francisco.

AGENTS:

VICTORIA, B. C.....WELCH, RITHET & CO.

PORTLAND, OREGON.....P. C. SCHUYLER.

## BRITISH & FOREIGN

Marine Insurance Co., Limited,

Of Liverpool.

Capital Subscribed.....\$5,000,000 Gold

Capital Paid Up..... 1,000,000 Gold

Reserve Fund, exclusive of capital.. 1,606,741 Gold

BALFOUR, GUTHRIE & CO.

General Agents,

316 CALIFORNIA ST. San Francisco.

GEO. W. SPENCER, MANAGER.

Capital,  
\$30,500,000 00

Assets,  
\$41,227,498 74



E. W. CARPENTER, General Agent,  
410 California St., San Francisco, Cal.

LOUIS MEL AND H. S. HOBLITZELL, SPECIAL AGENTS.

## The State Investment and Insurance Co.

OF SAN FRANCISCO, CAL.

FIRE INSURANCE ONLY.

Cash Capital.....	\$400,000 00
Assets.....	531,539 76
Surplus to Policyholders.....	402,422 87
Losses paid since organization .....	1,797,696 73
Dividends paid since organization.....	533,489 00

### BOARD OF DIRECTORS:

A. J. Bryant,  
James Irvine,  
C. D. O'Sullivan,  
J. M. Donahue,

Geo. Moffatt,  
D. Callaghan,  
M. Mayblum,  
Richard Ivers,

L. Cunningham,  
H. W. Seale,  
Fisher Ames,  
John Hanna,

C. F. Buckley,  
J. F. Sullivan,  
T. McMullin.

### OFFICERS:

A. J. BRYANT, Pres't.      RICHARD IVERS, Vice-Pres't.      CHAS. H. CUSHING, Sec'y.

ED. C. MORRISON, Special Agent and Adjuster.

OFFICE: 218 & 220 SANSOME ST., SAN FRANCISCO.

# SOUTHERN CALIFORNIA

## Insurance Company

OF LOS ANGELES, CAL.

CASH CAPITAL, - - - \$200,000.00

E. F. SPENCE, President.  
J. R. TOBERMAN, Vice-President.

D. E. MILES, Secretary.  
F. C. HOWES, Treasurer.

### DIRECTORS.

JOHN G. DOWNEY,  
E. F. SPENCE,  
WM. H. PERRY,  
JOHN BRYSON, SR.,  
L. W. DENNIS,

NELSON VANDERLIP,  
ISAAC FELLOWS, M. D.  
F. C. HOWES,  
P. M. GREEN,  
J. R. TOBERMAN,

DR. J. B. HUNT.

SAN FRANCISCO OFFICE, 405 CALIFORNIA STREET,  
JNO. R. HILLMAN, Ass't Manager.

### PACIFIC DEPARTMENT.

# NATIONAL ASSURANCE CO.

OF IRELAND.

Established A. D. 1822.

# ATLAS ASSURANCE COMPANY

OF LONDON.

Established A. D. 1808.

# BOYLSTON INSURANCE CO.

OF BOSTON.

H. M. NEWHALL & CO., General Agents,

A. R. GURREY, Manager.

Office, 309 Sansome Street, San Francisco, Cal.

Applications for Agencies Invited.

The Only Company on the Pacific Coast governed by the Massachusetts Non-forfeiture Law.

# NEW ENGLAND MUTUAL LIFE

INSURANCE COMPANY, OF BOSTON

Incorporated 1835.

<b>ASSETS</b> December 31, 1886.....	\$18,609,152 00
<b>LIABILITIES</b> “ “ .....	15,004,112 00
<b>SURPLUS</b> “ “ .....	3,605,040 00

NO SPECULATIVE FEATURES. ANNUAL RETURNS OF SURPLUS PREMIUM, and YEARLY PROGRESSIVE CASH SURRENDER, and PAID-UP INSURANCE VALUES, fixed by Massachusetts law, ENDORSED ON THEM, protect all policies issued by this company from forfeiture; and give them also the character to such extent of yearly increasing and FOUR PER CENT. COMPOUND INTEREST bearing Bonds, with possible SURPLUS-INTEREST paid in ANNUAL RETURNS.

The conditions of all policies are PLAIN, SIMPLE, and LIBERAL in ALL OTHER RESPECTS.

SPECIAL ATTENTION is called to the fact that this company issues ENDOWMENT POLICIES embracing all the above advantages for THE SAME PREMIUMS formerly charged for policies payable only at death UNDER THE TITLE OF LIFE RATE ENDOWMENTS. Such policies challenge ALL COMPETITION as regards the AMOUNT and LOW COST OF INSURANCE, which they COMBINE with INVESTMENT as above, reaching HALF THE FULL AMOUNT WITHIN THE MEAN EXPECTATION OF LIFE, and the FULL AMOUNT, IN A FEW YEARS LATER.

Send or call for explanatory books, EXAMPLES OF ENDORSED VALUES, &c.

**HENRY K. FIELD**, General Agent,  
Office, 324 Montgomery St., San Francisco.

## The Northwestern Mutual Life Ins. Co.

OF MILWAUKEE, WIS.

Is now in the twenty-ninth year of its existence. Its good points include rapid progress, large surplus, large dividends, and a low death rate (0.82 per cent. in 1886).

<b>ASSETS, January 1, 1887.....</b>	<b>\$26,669,878.00</b>
Amount of Insurance in force January 1, 1881.....	\$64,967,081.00
“ “ “ “ “ “ 1, 1884.....	92,083,093.00
“ “ “ “ “ “ 1, 1887.....	127,629,903.00
Surplus on 4 per cent. basis, \$4,429,181.07; on 3 per cent. basis, \$1,073,620.07.	

Its dividends are unsurpassed. It is the only Company which has, in recent years, printed tables of current cash dividends for the information of the public.

The Northwestern has done this for sixteen consecutive years:

### OFFICERS:

H. L. PALMER, President.	MATTHEW KEENAN, Vice Pres't.	WILLARD MERRILL, 2d Vice Pres't.
EMORY MCCLINTOCK, Actuary.	J. W. SKINNER, Secretary,	L. MCKNIGHT, M. D., Med. Director.

**A. W. KIMBALL**, Assistant Superintendent of Agencies Western Department,  
MILWAUKEE, WIS.

**CLARENCE M. SMITH**, General Agent for Central and Northern California.  
Office, 215 Sansome Street, San Francisco.

**LOUIS K. WEBB**, General Agent for Southern California,  
Office, University Bank Block, Los Angeles.

**FRANCIS & REED**, General Agents for Oregon and Wash. Ter.  
Office, Portland, Oregon.

Reliable Agents Wanted in the Above Districts.

## FORTY-SECOND ANNUAL REPORT

—OF—

## THE NEW YORK LIFE INSURANCE COMPANY,

OFFICE, Nos. 346 &amp; 348 BROADWAY, N. Y.

JANUARY 1, 1887.

**Amount of Net Cash Assets, January 1, 1886.....\$63,512,618 00**  
**REVENUE ACCOUNT.**

Premiums.....\$16,386,067 69  
 Less deferred premiums Jan. 1, 1886.....878,161 65—\$15,507,996 04  
 Interest and rents (including realized gains on securities and real estate sold).....4,157,786 42  
 Less interest accrued Jan. 1, 1886.....435,284 18— 3,722,502 24—\$19,230,408 28  
**Total.....\$82,743,026 28**

**DISBURSEMENT ACCOUNT.**

Losses by death, including reversionary addition to same.....\$2,757,035 97  
 Endowments matured and discounted, including reversionary additions to same.. 559,075 01  
 Annuities, dividends and purchased policies.....4,311,119 11  
 Total paid Policy-holders.....\$7,627,230 09  
 Taxes and re-insurances.....243,142 84  
 Commissions, brokerages, agency expenses and physicians' fees.....2,529,357 57  
 Office and law expenses, salaries, advertising, printing, &c.....523,672 30—\$10,923,402 80  
**Total.....\$71,819,623 48**

**ASSETS.**

Cash in bank, on hand and in transit (since received).....\$3,033,305 13  
 United States and other bonds and stocks (market value \$43,134,273 86).....39,522,443 99  
 Real estate.....6,839,974 22  
 Bonds and mortgages, first lien on real estate (buildings thereon insured for \$14,000,000 and the policies assigned to the company as additional collateral security) 15,228,775 00  
 Temporary loans (market value, of securities held as collateral, \$5,912,741 00).... 4,450,000 00  
 \*Loans on existing policies (the reserve held by the company on these policies amounts to over \$2,000,000).....408,619 44  
 \*Quarterly and semi-annual premiums on existing policies, due subsequent to January 1, 1887.....1,041,666 15  
 \*Premiums on existing policies in course of transmission and collection. (The Reserve on these policies, included in Liabilities, is estimated at \$955,000..... 646,437 14  
 Agents' balances.....166,905 31  
 Accrued interest on investments to Jan. 1, 1887.....486,497 10—\$71,819,623 48  
 Market value of securities over cost on company's books.....3,601,829 89  
 \*A detailed schedule of these items accompany the usual annual report filed with the Insurance Department of the State of New York.

**CASH ASSETS, January 1, 1887.....\$75,421,453 37**

**APPROPRIATED AS FOLLOWS:**

Adjusted losses, due subsequent to Jan. 1, 1887.....\$202,346 48  
 Reported losses, awaiting proof, &c.....355,625 28  
 Matured endowments, due and unpaid (claims not presented).....37,890 70  
 Annuities due and unpaid (uncalled for).....9,318 74  
 Reserved for re-insurance on existing policies; participating insurance at 4 per cent. Carlisle net premium: non-participating at 5 per ct. Carlisle net premium. 62,525,599 00  
 Reserved for contingent liabilities to Tontine Dividend Fund, January 1, 1886, over and above a 4 per cent. reserve on existing policies of that class.\$3,123,742 77  
 Addition to the Fund during 1886.....1,320,530 69  
**\$4,444,273 46**

**DEDUCT—**

Returned to Tontine policy-holders during the year on Matured Tontines. 267,848 21  
 Balance of Tontine Fund, January 1, 1887.....4,176,425 25  
 Reserved for premiums paid in advance.....33,720 72— \$67,340,926 12  
 Divisible surplus (company's standard).....8,080,527 25  
**\$75,421,453 37**

**Surplus by the New York State Standard at 4½ per cent.....\$15,549,319 53**  
 From the undivided surplus of \$8,080,527 25 the Board of Trustees has declared a Reversionary dividend to participating policies in proportion to their contribution to surplus, available on settlement of next annual premium.  
 During the year 22,027 policies have been issued, insuring \$85,178,294.

WM. H. BEERS, President.

HENRY TUCK, Vice-President.

ALEX. G. HAWES,

Manager for the Pacific Coast,

220 SANSOME STREET,

SAN FRANCISCO.

# AMERICAN COMPANIES ONLY.

OBSERVE THE LIST

## PHENIX

Of Brooklyn. Organized 1853.

Assets January 1, 1887.....\$5,332,172 | Surplus to Policyholders.....\$1,557,087  
 Losses paid since organization.....\$29,656,868

## AMERICAN

Of Philadelphia. Organized 1810.

Assets January 1, 1887.....\$2,301,859 | Surplus to Policyholders.....\$1,052,874  
 Losses paid since organization.....\$7,237,693

## PENNSYLVANIA

Of Philadelphia. Organized 1825.

Assets January 1, 1887.....\$2,710,881 | Surplus to Policyholders.....\$1,627,426  
 Losses paid since organization.....\$8,979,365

## STATE OF PENNSYLVANIA

Of Philadelphia. Organized 1794.

Assets January 1, 1887.....\$637,538 | Surplus to Policyholders.....\$392,039  
 Losses paid since organization.....\$14,625,153

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**TOTAL ASSETS REPRESENTED.....\$11,033,453**

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PACIFIC DEPARTMENT,

*429 California St., S. F.*

BROWN, CRAIG & CO., General Agents.

W. S. DAVIS, City Agent.

HAMBURG-BREMEN  
FIRE INSURANCE CO.

OF HAMBURG, GERMANY.

---

Capital and Accumulations	- - - - -	\$2,517,376 65
Assets in the United States, Jan. 1, 1887,	- - - - -	1,119,691 92
Losses Paid in the United States, over	- - - - -	5,500,000 00

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NIAGARA  
FIRE INSURANCE CO.

OF NEW YORK.

---

Cash Capital	- - - - -	\$500,000 00
Cash Assets Jan. 1st, 1887	- - - - -	2,260,479 86

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SPEYER & HEROLD,

GENERAL AGENTS PACIFIC COAST

415 California Street, San Francisco.



# COMMERCIAL INSURANCE CO. OF CALIFORNIA.

Office, No. 439 California St., San Francisco,

SAFE DEPOSIT BUILDING.

## FIRE AND MARINE.

CAPITAL PAID IN FULL,	- - - - -	\$200,000 00
Assets, January 1st, 1887,	- - - - -	\$446,611 00
Losses Paid since Company was Organized,	- -	\$1,581,849 51

## DIRECTORS.

JOHN H. WISE, of Christy & Wise, Merchants.

JOHN BARTON, Merchant.

CHARLES BOGAN, Merchant, Mariposa.

B. L. SCHMITT, Capitalist.

A. BOCQUERAZ, of Shea, Bocqueraz & McKee.

N. OHLANDT, of N. Ohlandt & Co., Manufacturers.

E. M. ROOT, of Root & Sanderson, Merchants.

A. W. JEE, Merchant.

PETER DEAN, Capitalist.

C. J. DEERING, of Deering & Co., Merchants.

JOHN C. COLEMAN, of J. C. & E. Coleman, Capitalist.

CHARLES MAIN, of Main & Winchester, Merchants.

D. H. HASKELL.

W. L. ELLIOTT.

GEORGE L. BRADLEY, Capitalist.

A. RIDER.

A. Y. TRASK, Marine Surveyor.

C. TURNER, Proprietor Bay City Soda Works.

H. B. UNDERHILL, Attorney S. P. R. Co.

L. CUNNINGHAM.

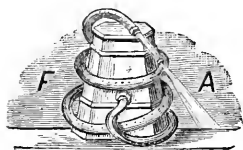
JAMES SIMPSON, M. D.

W. J. BRYAN.

JOHN H. WISE, President.

CHAS. A. LATON, Secretary.

A. R. GUNNISON, General Agent and Adjuster.



Incorporated 1820.

# FIRE ASSOCIATION OF PHILADELPHIA.

Organized 1817.

CAPITAL STOCK, Fully Paid,	- - - - -	\$500,000 00
TOTAL ASSETS,	- - - - -	\$4,445,576 00
LOSSES PAID Since organization of Association during 68 years,		\$11,167,792 00

CHAS. A. LATON, GENERAL AGENT,

439 CALIFORNIA STREET,

Safe Deposit Building,

SAN FRANCISCO, CAL.

Fire and Marine Insurance Agency  
OF  
**GUTTE & FRANK,**

*305 CALIFORNIA STREET, SAN FRANCISCO.*

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**Hamburg-Magdeburg Fire Ins. Co.**  
Of Hamburg, Germany.

**Economic Fire Office, L'd.,**  
Of London.

**Germania Fire Insurance Co.**  
Of New York.

**Magdeburg Fire Insurance Co.**  
Of Magdeburg, Germany.

**Magdeburg General Insurance Co.**  
(Marine Department) of Magdeburg, Germany.

**National Marine Ins. Ass'n,**  
(Limited) of London.

**Franco-Hungarian Insurance Co.**  
(Marine Department) of Budapest, Austria.

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**JAMES LAIDLAW & CO., OF PORTLAND,**

**General Agents of the HAMBURG MAGDEBURG and GERMANIA**  
**for Oregon and Washington Territory.**

# THE PACIFIC MUTUAL LIFE

## Insurance Company,

### OF CALIFORNIA.

## LIFE AND ACCIDENT INSURANCE.

ORGANIZED 1867.

#### OFFICERS:

GEO. A. MOORE.....	President
GEO. W. BEAVER.....	Vice-President
W. R. CLUNESS, M. D.....	Medical Director
J. N. PATTON.....	Secretary
SAMUEL MARKS.....	Assistant Secretary
W. O. GOULD.....	Actuary
THOMAS BENNET.....	General Superintendent

#### DIRECTORS:

ROBERT SHERWOOD, Capitalist.	W. R. CLUNESS, Physician.
GEO. W. BEAVER, Capitalist.	GEO. A. MOORE, President of the Company.
L. S. ADAMS, Adams, McNeil & Co., Wholesale Grocers.	J. F. HOUGHTON, Pres. Home Mutual Fire Ins. Co.
COLUMBUS WATERHOUSE, Waterhouse & Lester, Importers and Jobbers Carriage and Wagon materials.	HUGH M. LARUE, Pres. State Agricultural Society.
W. T. GARRATT, Brass and Bell Foundry and Machine Works.	D. W. EARL, D. W. Earl & Co. Forwarding and Commission Merchants.
SAMUEL LAVENSON, Locke & Lavenson, Carpet Dealers.	CHAS. N. FOX, Attorney-at-Law.
	L. P. DREXLER, Capitalist.
	JAMES CAROLAN, Carolan Co., Hardware.
	HENRY T. SCOTT, Union Iron Works.

**\$3,421,000 paid to Policyholders and their Representatives.**

**The only Life Insurance Company transacting business in the United States whose Stockholders are by law made liable for the debts of the Corporation, and whose Directors are made responsible for the acts of officers.**

### A SOUND AND PROGRESSIVE INSTITUTION.

The Annual Statement of the Company January 1st, 1887, shows the following, viz.:

An Increase in Policy-holders.

An Increase in Amount of Insurance.

An Increase in Net Assets.

An Increase in Net Surplus.

A Decrease in Expenses of Management.

The Policies of the Company impose NO RESTRICTION UPON RESIDENCE OR TRAVEL, are exempt from execution and the claims of creditors, and are indisputable after three years.

**Capable and Reliable Agents Wanted. Apply Directly to**

**PRINCIPAL OFFICE:**

**No. 418 California Street, San Francisco.**

# TRANSATLANTIC

— FIRE —



OF HAMBURG, GERMANY.

Capital.....	\$1,500,000 00	Assets Jan. 1, 1887.	\$1,231,296 47
urplus.....	276,166 67	Invested in U. S.....	501,856 00

## THE STRAITS

Fire Insurance Company of Singapore.

Capital.....\$2,000,000

## THE STRAITS

Insurance Company (Marine) of Singapore.

Capital.....	\$3,000,000
Paid up Capital.....	600,000

## MANNHEIM

Insurance Company, Limited, of Mannheim, Germany.

Capital.....	\$2,000,000
Paid up Capital.....	500,000

## GEO. MARCUS & CO.,

232 CALIFORNIA ST.,

SAN FRANCISCO, CALIFORNIA,

General Agents for the United States and Territories west of the  
Rocky Mountains.

## PACIFIC DEPARTMENT

## SCOTTISH UNION &amp; NATIONAL

Insurance Company of Great Britain.

Organized 1824.

CAPITAL SUBSCRIBED,	- - - - -	\$21,757,000 00
CAPITAL PAID UP IN CASH,	- - - - -	1,412,855 00
CASH ASSETS,	- - - - -	16,407,072 46

With its subscribed capital, subject to call, amounting to \$21,757,000, which, under the stringent laws of Great Britain governing unpaid capital, is available to the last dollar for its fire losses, it stands at the head of all the companies in the world doing business in America.

It is one of the Oldest Companies in the World.

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ASSETS IN THE UNITED STATES ..... \$1,332,050 00

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## NATIONAL FIRE INSURANCE CO.

Of Hartford, Conn.

CAPITAL STOCK, ALL CASH.....	\$1,000,000 00
FUNDS RESERVED TO MEET ALL LIABILITIES	{ Unpaid Fire Losses, and Re-ins. Fund, legal st'd,
	395,038 00
Net Surplus over Capital and all Liabilities,.....	563,468 00
Total Assets, January 1st, 1887, .....	\$1,958,506 00

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## PROVIDENCE WASHINGTON INS. CO.

Of Providence, R. I.

Organized in 1799.

CAPITAL STOCK PAID UP,	- - - - -	\$400,000
CASH ASSETS,	- - - - -	1,025,804

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MANHEIM, STAPLES &amp; CO., General Agents.

217 Sansome Street, San Francisco, Cal.

# AMAZON

Insurance Company of Cincinnati.

GAZZAM GANO, President.

J. H. BEATTIE, Secretary.

Cash Capital, paid up .....	\$300,000 00
Assets, January 1st, 1887 .....	580,805 00
Stockholders individually liable under Constitution of Ohio .....	300,000 00
Making Assets equal to .....	\$880,805 00

# AMERICAN CENTRAL

Insurance Company of St. Louis.

Assets, January 1, 1887 .....	\$1,258,001 00
Net Surplus over Capital and all Liabilities .....	222,541 00
Chicago's Great Fire, Loss Paid over .....	300,000 00
Total Losses Paid, over .....	5,150,000 00

# PACIFIC

Fire Insurance Company of New York

Cash Capital, paid up .....	\$200,000 00
Assets, January 1, 1887 .....	749,826 00

# ROLLA V. WATT

*General Agent,*

317 CALIFORNIA ST., SAN FRANCISCO.

*Telephone No. 195.*

CITY AGENT OF SUN FIRE OFFICE OF LONDON.

**General Insurance Agency**  
—OF—  
**JACOBS & EASTON,**  
**423 California St. San Francisco.**

**FIRE INSURANCE ASSOCIATION,**  
**OF LONDON.**

Capital Fully Subscribed.....\$4,500,000 00

**GLENS FALLS**

**INSURANCE COMPANY OF NEW YORK.**

Assets .....\$1,555,508 00 | Surplus to Policy-holders.....\$968,660 00

**UNION**

**INSURANCE COMPANY OF PHILADELPHIA.**

Assets.....\$782,073 00 | Surplus to Policy-holders .....\$405,886 00

**SPRINGFIELD**

**F. & M. INSURANCE CO. OF SPRINGFIELD, MASS.**

Assets .....\$3,044,915 24 | Surplus to Policy-holders.....\$1,679,820 92

**GERMAN**

**INSURANCE CO. OF FREEPORT, ILLINOIS.**

Assets ..... \$2,044,703 53 | Surplus to Policy-holders .....\$455,849 80

**HOWARD**

**INSURANCE COMPANY OF NEW YORK.**

Assets .....\$751,629 00 | Surplus to Policy-holders.....\$481,393 00

**MERCHANTS**

**INSURANCE COMPANY OF NEW JERSEY.**

Assets .....\$1,258,891 84 | Surplus to Policy-holders.....\$332,258 52

**MERCHANTS**

**INSURANCE COMPANY OF NEW YORK.**

Assets .....\$450,133 00 | Surplus to Policy-holders .....\$278,377 00

**CONCORDIA**

**INSURANCE COMPANY OF MILWAUKEE.**

Assets.....\$523,325 00 | Surplus to Policy-holders .....\$262,839 00

**CLINTON**

**FIRE INSURANCE COMPANY OF NEW YORK.**

Assets.....\$458,041 00 | Surplus to Policy-holders.....\$300,281 00

**CITY DEPARTMENT**

North British and Mercantile Insurance Company.  
German-American Insurance Company.

# SUN

INSURANCE COMPANY — FIRE AND MARINE.

Head Office, 428 California Street,  
SAN FRANCISCO, CAL.

CAPITAL, paid up,	-	..	-	-	\$300,000
SURPLUS as to Policyholders,	-	-	-	-	466,701

C. L. TAYLOR.....	President.
J. N. KNOWLES.....	Vice-President.
ED. E. POTTER.....	Secretary and Treasurer.

## DIRECTORS.

I. STEINHART.....	Manager Anglo-Californian Bank	E. B. POND .....	Capitalist
R. D. CHANDLER.....	Merchant	ALFRED BARSTOW.....	Rhodes & Barstow
GEO. H. COLLINS .....	Lumber Merchant	C. L. DINGLEY.....	Shipping Merchant
J. B. STETSON.....	Holbrook, Merrill & Stetson	C. L. TAYLOR.....	Shipping and Commission Merchant
J. J. MCKINNON.....	Shipping Merchant	J. N. KNOWLES	" " " "
FRANCIS BLAKE. ....	Blake, Robbins & Co.		

Pacific Coast Department,

Boston Underwriters

OF BOSTON, MASS.

Surplus as to Policyholders, \$1,016,750

Williamsburg City Fire Ins. Co.

OF NEW YORK.

Surplus as to Policyholders, \$1,128,236

The Franklin Fire Ins. Co.

OF PHILADELPHIA.

Surplus as to Policyholders, \$2,993,286

ED. E. POTTER, Pacific Coast Manager,  
428 California Street.

# THE OAKLAND HOME

Insurance

Company.

CAPITAL,

\$200,000.00.

ASSETS,

\$342,038.30.



Company's Building, Oakland, California.

## DIRECTORS.

WM. P. JONES.....Capitalist.	V. D. MOODY..... President First National Gold Bank
C. O. BRIGHAM ..Brigham, Hoppe & Co. San Francisco.	H. M. EASTMAN.....Capitalist
CHAS. L. WATSON, W. & J. Sloane & Co. " "	F. DELGER.....Capitalist.
F. K. SHATTUCK.....Capitalist.	GEO. E. WHITNEY.....Attorney.
JOHN CRELLIN.....Morgan & Co., San Francisco.	JOHN EVERDING.....J. Eveding & Co
J. S. EMERY, President California and Nevada R. R. Co.	

## OFFICERS.

WM. P. JONES, President. J. S. EMERY, Vice-President.  
WM. F. BLOOD, Secretary.

## HEAD OFFICE:

Company's Building, N. W. cor. Washington and Ninth Streets, Oakland.

SAN FRANCISCO DEPARTMENT, 421 California Street,  
CONRAD & MAXWELL, Managers.

H. W. WRIGHT, Manager,	- - - - -	SAN JOSE BRANCH.
A. LEONARD & SON, Managers,	- - - - -	SACRAMENTO BRANCH.
DOHRMANN & LANE, Managers,	- - - - -	STOCKTON BRANCH.
A. F. JOHNS, Manager,	- - - - -	LOS ANGELES BRANCH.
J. S. GARETSON, Manager,	- - - - -	SAN DIEGO BRANCH.

PACIFIC COAST DEPARTMENT

TRADERS INSURANCE COMPANY OF CHICAGO ILL.

# California's Million Dollar Company.

THE

FIRE.

MARINE.



INSURANCE COMPANY

OF CALIFORNIA.

CAPITAL.....	\$1,000,000 00
ASSETS, OVER.....	2,000,000 00
LOSSES PAID IN 24 YEARS, OVER..	7,000,000 00

HOME OFFICE—Company's Building:

*S. W. Corner California and Sansome Streets,*

**SAN FRANCISCO. CAL.**

**D. J. STAPLES, President.**

**ALPHEUS BULL, Vice-President.**

**WILLIAM J. DUTTON, Secretary.**

**N. T. JAMES, Marine Secretary.**

**BERNARD FAYMONVILLE, Assistant Secretary.**

**CENTRAL DEPARTMENT,**

**THOS. S. CHARD, Manager,**

157-159 La Salle St., CHICAGO, ILL.

**EASTERN DEPARTMENT,**

**CHAS. W. KELLOGG, Manager**

Mason Building, Boston Mass.

**CITY AGENCY (FIRE DEPARTMENT),**

**THANHAUSER & CO., AGENTS,**

**No. 311 California St., San Francisco, Cal.**



